CITY OF STOCKTON

Contract Change Order No. 1

City Auditor Services

Original Contract Price $100,000
CCO No. 1 $12,870
Revised Contract Price $112,870

Date: August 28, 2013
Sheet 1 of 1
Purchase Order No.: 
Appropriation No(s): 

TO * Moss Adams, LLP (Contractor). You are hereby directed to make the herein described changes from the plans and specifications or do the following described work not included in the plans and specifications of this contract.

Moss Adams has provided internal City Auditor services for the City of Stockton for the past six months. There is a need to continue providing these services on an interim basis until a long-term decision is made in the staffing of the City Auditor function. This change order will retain the core services of the City Audit function for three months in order to assure that critical services remain in place such as ethics, fraud and waste reporting mechanisms. In addition, this change order will retain Moss Adams to assist in the development of an audit work plan for the following 18-24 months.

The additional compensation, if any, included in this change order constitutes full compensation, including all mark ups, profits, surcharges, taxes and overhead costs, for the change in work as specified.

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment therefore the prices shown above.

By reason of this proposed change, 90 days extension of time will be allowed.

Accepted Date 8/29/2013

Moss Adams, LLP (Contractor)

By Thomas Kim
Partner

Note: This change order is not effective until approved by the City Manager or if under Council approved limits, Department Director.

*Increase/Decrease
Total cost of change not to exceed $12,870

Submitted by Christian Clegg

Approval Recommended:

By Christian Clegg
Name and Title

Do the changes above have any potential impact on the use of Public Facility Fees, Measure K, Gas Tax and/or other restricted funding sources? (Circle One) YES NO

If Yes, Budget Officer or designee to verify available funding

Available Funding Verified Name and Title

Date approved

NA

Department Head

City Manager (When required)

City Council Resolution No. NA (When required)

APPROVED AS TO FORM & CONTENT: OFFICE OF THE CITY ATTORNEY

BY
CITY OF STOCKTON

Contract Change Order No. 3

City Auditor Services

Original Contract Price $100,000
CCO No. 1 $12,870
CCO No. 2 $1,115,000 (Council authorized)
CCO No. 3 $35,000
Revised Contract Price $1,262,870

TO * Moss Adams, LLP * (Contractor). You are hereby directed to make the herein described changes from the plans and specifications or do the following described work not included in the plans and specifications of this contract.

In the role of the City Auditor, Moss Adams is currently carrying out the implementation of the 24 month Internal Audit Plan adopted by the City Council. It was anticipated that audit projects would arise that were not identified in the initial Internal Audit Plan. One such project is the completion of an organizational review of the IT Division as described more fully in Exhibit A to this change order. This organizational review is within the scope of the contract with Moss Adams to carry out the functions of the City Auditor. The funding for this project which is in addition to the adopted Internal Audit Plan will be allocated from 502-5101-571.20-65.

The additional compensation, if any, included in this change order constitutes full compensation, including all mark ups, profits, surcharges, taxes and overhead costs, for the change in work as specified.

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment therefore the prices shown above.

By reason of this proposed change, 90 days extension of time will be allowed.

Accepted Date 5/5/14

Moss Adams, LLP
(Contractor)

By Thomas Krippaalne
Partner

*Increase/Decrease
Total cost of change not to exceed $35,000

Submitted by: Laurie Montes
Approval Recommended:
By: Vanessa Burke
Name and Title

Do the changes above have any potential impact on the use of Public Facility Fees, Measure K, Gas Tax and/or other restricted funding sources? (Circle One) YES NO

If Yes, Budget Officer or designee to verify available funding

Available Funding Verified

Name and Title

Date approved

Vanessa Burke
Department Head

City Manager (When required)

City Council Resolution No. NA (When required)

APPROVED AS TO FORM & CONTENT:
OFFICE OF THE CITY ATTORNEY
City of Stockton
IT Organization Assessment
Scope of Work

I. Purpose/Objectives

Moss Adams will conduct an IT organization assessment for the City of Stockton. The assessment will include an analysis and development of recommendations for improvements related to performance, efficiency, and effectiveness. The objectives of this assessment are to:

- Assess the organizational structure;
- Review systems architecture;
- Assess staff skills, capacity, and performance;
- Determine proper staffing and organization;
- Assess related IT capabilities in other city departments; and
- Develop recommendations and identify opportunities for improvement.

II. Work Plan

Phase A – Project Initiation and Ongoing Project Management

1. Conduct project initiation meeting
2. Provide project management and ongoing status reports
3. Perform quality assurance

Deliverables
- Work plan
- Ongoing progress reports

Phase B – Fact Finding

1. Review available documentation
2. Conduct operational walkthroughs
3. Conduct interviews:
   - Group 1 - Executive Management
   - Group 2 - Key Managers/Process Owners/Leads (Possible group interviews as appropriate)
   - Group 3 - IT Managers
   - Group 4 - IT Technicians/Staff
4. Review IT systems architecture, current and future
5. Develop preliminary findings
6. Discuss challenges and issues with City sponsors

Deliverables
- Preliminary findings
### II. Work Plan

#### Phase C - Analysis
1. Evaluate workloads, capacity, and structure
2. Assess IT Department performance
3. Assess systems architecture as it relates to IT Department delivery
4. Conduct “gap” analysis
5. Identify and assess organizational alternatives
6. Discuss organizational and system options with City sponsors

**Deliverables**
- Organizational assessment
- Alternatives

#### Phase D - Reporting
1. Develop draft report
2. Discuss draft with City sponsors
3. Revise report as needed
4. Deliver and present final report

**Deliverables**
- Draft and final report with findings and recommendations
- Presentation

### III. Areas of Focus (preliminary, to be confirmed)

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<tr>
<td>- Overall system architecture</td>
<td>- System administration, operations, and maintenance</td>
<td></td>
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<tr>
<td>- Organizational structure</td>
<td>- Training and support</td>
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<td>- Staffing performance</td>
<td>- Documentation</td>
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<td>- Reporting</td>
<td>- System development lifecycle</td>
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<td>- Planning</td>
<td>- Change management</td>
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<td>- Project management</td>
<td>- Service delivery</td>
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<td>- Current scope of IT projects/initiatives</td>
<td>- Budget and funding</td>
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<td>- Department deliverables</td>
<td>- Vendor and package alternatives</td>
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<td>- Potential for outsourcing</td>
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### Staffing

#### Tom Krippaehe, Project Partner
- Managing Partner, Moss Adams Advisory Services; Director of Consulting
- 30+ years of experience
- Specializes in IT organization assessments, IT strategic planning, and project management
- Extensive experience working with government clients, including the City of Stockton
- Certified in Risk and Information Systems Control (CRISC)
- Certified Public Accountant (CPA) from 1981-1984
- Master of Business Administration, University of Washington
- Bachelor of Science, Finance, Oregon State University

#### Gary Volland, Lead Analyst
- Consulting Manager, Moss Adams Advisory Services
- 24+ years of experience
- Regularly performs IT consulting engagements for government clients; extensive experience performing IT assessments
- Experience as a software/systems architect; familiar with vast array of platforms
- Certified Information Systems Auditor (CISA)
- Project Management Professional (PMP)
- Associate Degree, Data Processing, Highline Community College
- Certificate in Computer Forensics, University of Washington

#### Anish Nanavati, Analyst
- Consulting Manager, Moss Adams Advisory Services
- 15+ years of experience
- Deep technical background; ability to help organizations best leverage their technology functions
- Extensive experience analyzing/reviewing processes and identifying areas for improved efficiencies
- Mastery of Business Fundamentals
- Bachelor of Science, Computer Engineering, Maharashtra Institute of Technology
### V. Representative Qualifications

- California Institute of Regenerative Medicine
- Carson City
- City of Bend
- City of Issaquah
- City of Maple Valley
- City of Modesto
- City of Roseville
- City of Woodburn
- Community Transit
- Housing Authority of the County of Santa Clara
- King County
- Lyon County
- Marion County
- Santa Clara Valley Water District
- Sound Transit

### VI. Schedule

- Approximately 60 days

### VII. Fees

- $30,000, plus out of pocket expenses (estimated at $5,000)
PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is entered into this 20th day of March 2013, between the CITY OF STOCKTON, a municipal corporation ("City"), and Moss Adams LLP ("Consultant" or "Contractor"). City and Consultant may be collectively referred to as the "Parties."

RECITALS

A. Consultant is qualified to and experienced in providing performance and internal audit services for the purposes specified in this Agreement.

B. City finds it necessary and advisable to use the services of the Consultant for the purposes provided in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions in this Agreement, City and Consultant agree as follows:

1. Consultant’s Services. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in Exhibit A. Consultant shall provide said services at that time, place and manner specified in Exhibit A.

   The purpose of this Agreement is to retain Consultant to perform certain functions of the City Auditor. The work of the Agreement is separated into two phases, with Phase I serving as a trial program not to exceed six (6) months in duration and with Phase II contingent as set forth in this section and in Section 3 below.

Phase I shall test the feasibility of both (a) the structural effectiveness and efficiency of providing City Auditor services through an independent contractor arrangement as authorized by Article XV and Article IV Section 405 of the City Charter and (b) the ability of the Contractor or an employee of the Contractor to provide the services of City Auditor if so authorized by the City Council. Phase II of this Agreement will commence only if the City Council, in its sole discretion, authorizes the Contractor or an employee of the Contractor to exercise the powers and duties assigned to the City Auditor pursuant to Article XV and Section 405 of the City Charter, prior to or at the end of Phase I. The scope of services is as defined in Exhibit A, including the Contractor’s response to RFP No. 12-092, attached hereto and by this reference made a part hereof.

2. City Assistance, Facilities, Equipment and Clerical Support. Except as set forth in Exhibit A, Consultant shall, at its sole cost and expense, furnish all facilities and equipment that may be required to furnish services pursuant to this Agreement. City shall furnish to Consultant only the facilities and equipment listed in Exhibit A according to the terms and conditions set forth in Exhibit A.
3. **Term.** This Agreement shall commence on the date written above and shall expire six (6) months following the Effective Date; provided, however the parties may agree to change either the commencement or expiration date.

   a. Phase I of this Agreement shall commence upon execution of this Agreement (the “Effective Date”) and shall terminate on the earlier to occur of (a) the date six (6) months following the Effective Date or (b) the authorization by the City Council of the Contractor or an employee of the Contractor to exercise the powers and duties assigned to the City Auditor. Phase II of this Agreement shall commence, if at all, upon authorization by the City Council of the Contractor or an employee of the Contractor to exercise the powers and duties assigned to the City Auditor in accordance with Section 8 of this Agreement, PROVIDED, HOWEVER, that if the Contractor or an employee of the Contractor is not authorized to exercise the powers and duties assigned to the City Auditor, Phase II of this Agreement shall terminate three (3) years after that authorization, PROVIDED, HOWEVER, that the term of Phase II of this Agreement may be extended or renewed for up to two (2) additional one (1) year terms, at the sole discretion of the City Council and upon written notice from the City to the Contractor, and PROVIDED, FURTHER, that if the Contractor or employee of the Contractor authorized to exercise the powers and duties assigned to the City Auditor is removed from office or if for any other reason the authorized individual ceases to carry out these assigned duties, this Agreement shall terminate as provided in Section 9 hereof.

   b. The City’s obligations for future years are contingent upon local legislative appropriation of necessary funds for this specific purpose in accordance with the City Charter and applicable law.

4. **Compensation.** City shall pay Consultant for services rendered pursuant to this Agreement as described more particularly in Exhibit A. The payments shall be made on a monthly basis upon receipt and approval of Consultant’s invoice. Total professional fees for services for Phase I of this contract shall not exceed $65,000 for the risk assessment and internal control audit project. In addition, the City of Stockton agrees to pay Consultant professional fees of $3,900 per month during Phase I for the services of Interim City Auditor. In addition to professional fees, the City of Stockton agrees to pay Consultant for out-of-pocket expenses for travel (e.g., airfare, lodging, rental car, mileage, parking, and meals) associated with all Phase I services. Compensation for audit projects in Phase II of this contract will be determined on an annual basis by the City Council as outlined in Exhibit A. Compensation for City Auditor Services in Phase II of this contract will be based on a monthly retainer mutually agreed to by City and Consultant following evaluation of services provided in Phase I.
a. Invoices submitted by Consultant to City must contain a brief description of work performed, time used and City reference number. Payment shall be made within thirty (30) days of receipt of Consultant’s invoice and approved by City.

b. Upon completion of work and acceptance by City, Consultant shall have sixty (60) days in which to submit final invoicing for payment. An extension may be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Consultant fails or neglects to submit within sixty (60) days, or any extension thereof granted by the City, after the work is accepted by the City.

c. Overhead and Expenses. The Contractor’s compensation for services set forth in Section 3a above includes overhead and expenses and no separate claims for reimbursement of overhead or expenses will be allowed under this Agreement.

5. **Sufficiency of Consultant’s Work.** All reports, drawings, designs, plan review comments and work product of Consultant shall be adequate and sufficient to meet the purposes for which they are prepared.

6. **Ownership of Work.** All reports, drawings, designs, plan review comments, work product, and all other documents completed by Consultant in the performance of this Agreement and delivered to City, excluding any Consultant Material (defined below) contained or embodied therein (hereinafter, “Materials”), shall become the property of the City. Any and all copyrightable subject matter in all Materials is hereby assigned to the City and the Consultant agrees to execute any additional documents that may be necessary to evidence such assignment. All Materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any Materials are lost, damaged or destroyed before final delivery to the City, the Consultant shall replace them at its own expense. Consultant shall keep Materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent. Consultant shall own its working papers and accounting-related general skills, know-how, expertise, ideas, concepts, methods, techniques, processes, software, materials or other intellectual property or information which may have been discovered, created, received, developed or derived by Consultant either prior to or as a result of providing services under the Contract (collectively, "Consultant Materials"). The City shall have a non-exclusive, non-transferable license to use Consultant Materials for its own internal use and for the purposes for which they are delivered to the extent they form part of Materials.

7. **Changes.** City may request changes in the scope of services to be provided by Consultant. Any changes and related fees shall be mutually agreed upon between the parties and subject to a written amendment to this Agreement.
8. **Consultant’s Status.** In performing the obligations set forth in this Agreement, Consultant shall have the status of an independent contractor and Consultant shall not be considered to be an employee of the City for any purpose. All persons working for or under the direction of Consultant are agents and employees of Consultant and are not agents or employees of City.

   a. City reserves the right to require the Contractor or an employee of the Contractor that will be authorized to exercise the powers and duties assigned to the City Auditor to submit to an extensive background investigation. Failure to pass the background will result in removal from the position.

   b. During Phase I of this Agreement the Contractor or an employee of the Contractor will be authorized on an interim basis to exercise the powers and duties assigned to the City Auditor pursuant to Article XV and Section 405 of the City Charter. Such authorization may be made or revoked in the discretion of the City Council as provided by law and this Agreement, and may be based upon, among other things, the ability of the Contractor or an employee of the Contractor to provide internal audit and related services satisfactory to the City Council in accordance with this Agreement.

   c. Phase II of this Agreement is expressly contingent on the authorization of the Contractor or an employee of the Contractor to exercise the powers and duties assigned to the City Auditor pursuant to Article XV and Section 405 of the City Charter. Such authorization may be made or revoked in the discretion of the City Council as provided by law and this Agreement, and may be based upon, among other things, the ability of the Contractor or an employee of the Contractor to provide performance audit and related services satisfactory to the City Council in accordance with this Agreement.

   d. The individual authorized to exercise the powers and duties assigned to the City Auditor, if any, may delegate functions to qualified staff or subcontractors, subject to City consent under Section 10 hereof, to help carry out the Contractor’s responsibilities under this Agreement in a cost-effective manner, PROVIDED, HOWEVER, that all staff or subcontractors shall work at the specific direction of and subject to review and approval by the City Auditor.

   e. The individual authorized to exercise the powers and duties assigned to the City Auditor will report to the City Council Audit Committee.

9. **Termination for Convenience of City.** The City may terminate this Agreement at any time by mailing a notice in writing to Consultant 60 days prior to termination, and Consultant may terminate this Agreement at any time by mailing a notice in writing to the City 90 days prior to termination. The Agreement shall then be deemed terminated, and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the work actually completed at the time the notice of termination is received.
10. **Non-Assignability.** The Consultant shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, and then only upon such terms and conditions as City may set forth in writing. Consultant shall be solely responsible for reimbursing subcontractors.

11. **Indemnity and Hold Harmless.** Consultant shall defend, indemnify, and hold harmless, the City and its officers, agents and employees from and against all claims, losses, damage, injury, and liability for damages to real or tangible personal property or personal injury (including death) arising from, negligent or wrongful acts, errors or omissions of the Consultant in the performance of its services under this Agreement, regardless of whether the City has reviewed or approved the work or services which has given rise to the claim, loss, damage, injury or liability for damages. This indemnification shall extend for a reasonable period of time after completion of the project as well as during the period of actual performance of services under this Agreement. The City's acceptance of the insurance certificates required under this Agreement does not relieve the Consultant from its obligation under this paragraph.

12. **Insurance.** During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached Exhibit B and shall otherwise comply with the other provisions of Exhibit B.

13. **Notices.** All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed as follows:

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<tr>
<th>To Consultant:</th>
<th>To City:</th>
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<tbody>
<tr>
<td>Moss Adams</td>
<td>City Manager</td>
</tr>
<tr>
<td>999 Third Avenue, Ste 2800</td>
<td>City of Stockton</td>
</tr>
<tr>
<td>Seattle</td>
<td>425 N. El Dorado Street</td>
</tr>
<tr>
<td>WA 98104</td>
<td>Stockton, CA 95202</td>
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</tbody>
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14. **Conformance to Applicable Laws.** Consultant shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Consultant shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color, national origin, ancestry, sex or religion of such person.

15. **Licenses, Certifications and Permits.** Prior to the City's execution of this Agreement and prior to the Consultant's engaging in any operation or activity set forth in this Agreement, Consultant shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Consultant covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement.
16. **Records and Audits.** Consultant shall maintain all records regarding this Agreement and the services performed for a period of three years from the date that final payment is made. At any time during normal business hours, the records shall be made available to the City to inspect and audit.

17. **Confidentiality.** Consultant shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions.

18. **Conflicts of Interest.** Consultant covenants that other than this Agreement, Consultant has no financial interest with any official, employee or other representative of the City. Consultant and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Consultant's services under this Agreement. If such an interest arises, Consultant will immediately notify the City.

   In addition, in the role of City Auditor, the Consultant shall be free from personal, external, and organizational impairments to independence and will maintain an independent attitude and appearance with respect to the work performed for the City.

19. **Waiver.** In the event either City or Consultant at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation.

20. **Governing Law.** California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the United States District Court, Eastern District of California, Sacramento Division.

21. **No Personal Liability.** No official or employee of City shall be personally liable to Consultant in the event of any default or breach by the City or for any amount due Consultant.

22. **No Third Party Beneficiaries.** This contract is by and between City and Consultant only. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other and City and Consultant.

23. **Exhibits.** All exhibits referred to herein are attached hereto and are by this reference incorporated herein.
24. **Scope of Agreement.** This writing constitutes the entire Agreement between the parties. Any modification to the Agreement shall be in writing and signed by both parties.

**THIS AGREEMENT** executed the date and year first above written.

**CITY OF STOCKTON**

[Signature]

City Manager

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**CONSULTANT**

By: [Signature]

THOMAS M. Krippaehe

Print name

Title: Managing Partner

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**ATTEST:**

[Signature]

City Clerk

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**APPROVED AS TO FORM:**

[Signature]

City Attorney
EXHIBIT A

Scope of Consultant's Services

Phase I: (To be accomplished concurrently during the citywide risk assessment and internal control audit estimated to be the first 6 months after contract award)

A. Provide basic City Auditor Services on an interim basis: (see Attachment 1)
   a. Provide a senior representative to be the named as the Interim City Auditor under the terms of contract
   b. Review calls reported through the City's Ethics Hotline
   c. Respond to phone calls, citizen inquiries and emails to the City Auditor and, when appropriate, refer such inquiries to appropriate City staff for handling and response
   d. Coordinate with City staff to schedule Council Audit Committee Meetings.
   e. Provide regular reports on the status of the risk assessment and internal control audit

B. Conduct a citywide risk assessment and internal control audit
   a. Complete a risk assessment of the City's financial operations
      1. Review administrative and financial policies, procedures, and practices
      2. Examine methods, procedures, and practices used to provide reasonable assurance that City assets are safeguarded and that staff is complying with approved policies, procedures and practices
      3. Identify the strengths, weaknesses, challenges and key areas of risk
      4. Make recommendations for improvement, identify future audit priorities and prepare a preliminary audit plan
   b. Examine the internal controls framework of the City to include:
      1. The City's overall control environment
         i. Management's philosophy and operating style regarding integrity and ethical values
         ii. Staff's philosophy and operating style regarding integrity and ethical values
         iii. The assignment of authority and responsibility for ensuring protection of City assets and policy compliance
         iv. Existing policies and procedures
      2. The City's ongoing identification and assessment of risk
         i. The City's approach to risk identification and risk mitigation (proactive versus reactive)
         ii. The alignment of the City's objectives with the assessment of risk
3. The City's control activities (for protection of assets and compliance with policies)
   i. Separation of duties
   ii. Authorization and approval
   iii. Custodial and security arrangements
   iv. Review and reconciliation
   v. Variance analysis
   vi. Adequate documentation
   vii. Physical inventories
4. Senior management, mid-management and supervisory responsiveness to identified problems/weaknesses
   i. The timeliness with which internal control deficiencies are identified and communicated
   ii. Appropriateness of management's selection of risk response – avoidance, acceptance, reduction, or sharing of an identified risk
   c. Perform sampling procedures to test and evaluate one or more areas of the City's internal controls, taking into account risk, control weaknesses, size, and complexity of operations
d. Make use of and build upon the internal control evaluation work done by the City's independent CPA firm during that firm's annual financial statement audit.
e. Review any recommendations regarding the internal controls with the appropriate executives, Chief Financial Officer and the City Manager
f. Prepare reports which analyze significant risk assessment findings, recommend changes for strengthening internal controls and reducing identified risks, including, but not limited to, the following:
   1. Report of the findings that outlines the specific deficiencies in the internal control framework and the possible impact posed (level of risk) due to the identified weaknesses
   2. Report with recommendations that will address the weaknesses identified in the City's internal control framework
g. Present draft results of this audit project and the preliminary audit plan to the City Manager with the final report to the Council Audit Committee, including estimated costs by audit project and a recommended future audit approach

Phase II:

1. Provide core City Auditor Services: (see Attachment 1)
   a. Provide a senior representative to be assigned the powers and duties of the City Auditor under the terms of contract
b. Review calls reported through the City's Ethics Hotline
c. Respond to phone calls, citizen inquiries and emails to the City Auditor and when appropriate refer to City staff
d. Coordinate with City staff to schedule Council Audit Committee Meetings
e. Propose and update the audit plan at the beginning of each calendar year for the subsequent fiscal year beginning in July; prepare the audit plan based on regular citywide risk assessments and include proposed scope and cost for each recommended audit; present annual audit plan to City Manager for preliminary review of scope, followed by review by the Council Audit Committee and final presentation to the City Council for approval
f. Provide regular status reports, either written or oral, to the Council Audit Committee; at a minimum provide Quarterly Reports on activities and findings related to audits; may be required to be present at City Council or other meetings upon request
g. Conduct follow-up and verification of audit findings pursuant to closing findings as complete
h. Provide city staff with tools to track open audit findings and facilitate resolution of findings when complete
i. Coordinate with City staff and ensure that financial audits are conducted, such as the annual external financial audit by an accounting firm (Comprehensive Annual Financial Report (CAFR))
j. Provide follow-up work for findings associated with annual external financial audits

2. Provide resources to conduct specific internal audits effectively and efficiently according to Generally Accepted Government Auditing Standards (Yellow Book) as selected from the annual audit plan by the Council Audit Committee:
   a. Provide an opportunity for feedback and response by departments under audit along with the City Manager’s Office
   b. Provide regular reports on the status of ongoing internal audits
   c. Provide written reports with results of audits and publish audits to the City Auditor’s Web page; based on the audit work performed, written reports and oral PowerPoint presentations must be provided; the presentations shall address the audit findings and conclusions, audit recommendations that will improve the efficiency and effectiveness of the organizations or programs audited, and corrections needed to address any operational deficiencies or non-compliance issues found
   d. Work with management to implement recommendations
City Assistance, Facilities, Equipment and Clerical Support

As noted in Section 2 of the contract, Consultant shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing services pursuant to this Agreement with the exception of the following:

1. City will provide 3 office spaces for the City Auditor function while conducting on-site work. This includes office furniture and access to City identified printing equipment for reasonable use that does not include mass production of report materials. This does not include office equipment such as computers and telephones.

2. City will provide internet and network access for the City Auditor function.

3. City will make available meeting or conference rooms for presenting reports and materials to City Staff and/or the Council Audit Committee.
EXHIBIT B

INSURANCE REQUIREMENTS
CONSULTANT-AUDITOR

CONSULTANT shall procure and maintain for the duration of the Agreement, insurance against all claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the CONSULTANT, its agents, representatives, volunteers, or employees.

1. INSURANCE Throughout the life of this Contract, the Consultant shall pay for and maintain in full force and effect with an insurance company admitted by the California Insurance Commissioner to do business in the State of California and rated not less than “A: VII” in Best Insurance Key Rating Guide, the following policies of insurance:

   A. AUTOMOBILE LIABILITY insurance, endorsed for “any auto” with the following limits of liability: Bodily Injury $250,000 each person, and $500,000 each occurrence. Property Damage $100,000 each occurrence.

   B. WORKERS’ COMPENSATION insurance as required under the California Labor Code and Employers Liability Insurance with limits not less than $1,000,000 per accident/injury/disease.

   C. COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY AND MISCELLANEOUS SUPPLEMENTARY INSURANCE;

   FOR ADDITIONAL REQUIREMENT(S):

   (i) COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY insurance which shall include Contractual Liability, Products and Completed Operations coverage’s, Bodily Injury and Property Damage Liability insurance with combined single limits of not less than $1,000,000 per occurrence, and if written on an Aggregate basis, $2,000,000 Aggregate limit.

   (ii) PROFESSIONAL ERRORS AND OMISSIONS, Not less than $1,000,000 per Claim/$2,000,000 Aggregate (3 year discovery and reporting tail period coverage, or continuing maintenance of coverage that affords the same coverage protection level as tail coverage for 3 years after Consultant completes its performance of services under the Agreement). Certificate of Insurance only required.

Deductibles and Self-Insured Retentions are the responsibility of Consultant.

The Policy(s) shall also provide the following:

1. The Commercial General Liability insurance shall be written on ISO approved occurrence form with additional insured endorsement naming: City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are additional insureds.

2. All insurance required by this Agreement shall be with a company acceptable to the CITY and issued and executed by an admitted insurer authorized to transact insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONSULTANT completes its performance of services under this Agreement.
3. For any claims related to services or products provided under this contract, the Consultant's insurance coverage shall be primary insurance as respects the City of Stockton its officers, agents, and employees. Any coverage maintained by the CITY shall be excess of the Consultant's insurance and shall not contribute with it. Policy shall waive right of recovery (waiver of subrogation) against the CITY.

4. Each insurance policy required by this clause shall have a provision that coverage shall not be cancelled by either party, except after thirty (30) days' prior to written notice by certified mail, return receipt requested, has been given to the CITY. Further, the thirty (30) day notice shall be unrestricted, except for workers' compensation, or non-payment of premium, which shall permit ten (10) days advance notice. The insurer and/or the contractor and/or the contractor's insurance agent shall provide the CITY with notification of any cancellation, major change, modification or reduction in coverage.

5. Regardless of these contract minimum insurance requirements, the Consultant and its insurer shall agree to commit the Consultant's full policy limits and these minimum requirements shall not restrict the Consultant's liability or coverage limit obligations.

6. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the California Civil Code.

7. The Company shall furnish the City of Stockton with the Certificates and Endorsement for all required insurance, prior to the CITY's execution of the Agreement and start of work.

8. Proper address for mailing certificates, endorsements and notices shall be:

   City of Stockton
   Attention: Risk Services
   425 N. El Dorado Street
   Stockton, CA 95202

9. Upon notification of receipt by the CITY of a Notice of Cancellation, major change, modification, or reduction in coverage, the Consultant shall immediately file with the CITY a certified copy of the required new or renewal policy and certificates for such policy.

Any variation from the above contract requirements shall only be considered by and be subject to approval by the CITY's Risk Manager (209) 937-8617. Our fax is (209) 937-8558.

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

If the Consultant should subcontract all or any portion of the work to be performed in this contract, the Consultant shall cover the sub-contractor, and/or require each sub-contractor to adhere to all subparagraphs of these Insurance Requirements section. Similarly, any cancellation, lapse, reduction or change of sub-contractor's insurance shall have the same impact as described above.
CITY OF STOCKTON

Contract Change Order No. 1

Original Contract Price $18,500.00
CCO No. 1 $27,078.08
Revised Contract Price $45,578.08

TO Moss Adams, LLP (Contractor). You are hereby directed to make the herein described changes from the plans and specifications or do the following described work not included in the plans and specifications of this contract.

ADDITIONAL WORK PERFORMED FOR ABOVE REFERENCED PROJECT

Scope of services to remain the same. Change Order to change the period of performance through March 30, 2015 and increase contract amount by $27,078.08 for a new amount of $45,578.08.

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment therefore the prices shown above.

By reason of this proposed change, 5 days extension of time will be allowed.

Accepted Date 10-1-15

Moss Adams, LLP

By, K. P. Gordon

(Contractor)

Title Regional Managing Partner

Note: This change order is not effective until approved by the City Manager or if under Council approved limits, Department Director.

*Increase Total cost of change not to exceed $45,578.08

Submitted By Donald Kwong

Project Manager

Reviewed for Construction N/A

(if applicable)

Approval Recommended:

By

Do the changes above have any potential impact on the use of Public Facility Fees and/or other restricted funding sources? (Circle One) YES/NO

If Yes, Budget Officer or designee to verify available funding

Available funding verified N/A

Name and Title

Date Approved

Scott R. Carney, Interim Chief Financial Officer

Kurt Wilson, City Manager

Approved - City Council Resolution No. N/A

APPROVED AS TO FORM & CONTENT:
OFFICE OF THE CITY ATTORNEY

BY

Susana Alcala Wood
Assistant City Attorney
City of Stockton
425 N El Dorado Street
Stockton, CA 95202

Invoice #: 2756780
Invoice Date: 03/30/15
Client #: 627128
Total Invoice: $45,578.08
Amount Enclosed: $

Please return top portion with remittance. Include your client number and invoice number on your check.

For professional services rendered in connection with:

City of Stockton FPASRT March 20, 2015

Original recalculations of SPOA overtime compensation. 34,675.00
Additional work on project as requested to correct overtime calculations. 13,312.00
Additional time spent on project to correct overtime calculations due to missing information. 9,180.00 57,167.00
Fee Reduction to contract agreement. (12,167.00)
Travel costs 578.08

Total Invoice $45,578.08
August 25, 2014

Vanessa Burke
City of Stockton
425 N. El Dorado
Stockton, CA 95202

Dear Vanessa:

Thank you for the opportunity to provide services to the City of Stockton. This letter is to confirm the terms and objectives of our engagement and the nature of and limitations on the services we will provide. This Engagement Letter and the attached Professional Services Agreement, which is incorporated herein by this reference, represent the entire agreement (the “Agreement”) regarding the services to be rendered by Moss Adams LLP (“Moss Adams,” “we,” “us,” and “our”) to the City of Stockton (“you,” “your,” and “Company”).

Scope of Services and Limitations

Moss Adams will provide recalculation of the overtime compensation for the Stockton Police Officers’ Association (SPOA) members to include standby pay previously omitted as time worked.

Our services will be based, in part, on payroll reports provided by you which will include all employees with standby pay during the period December 2011 through June 30, 2014. We will rely on you to ensure that we are provided accurate and verifiable data. We will use those reports to recalculate the overtime compensation for the SPOA members and provide the calculations for retroactive compensation to the Administrative Services Department.

Please be advised that we will not audit or perform third-party verification of the underlying data. Accordingly, we will not express a conclusion or provide any other form of assurance on the completeness or accuracy of the information.

You must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service by designating an individual who possesses skill, knowledge, and/or experience to oversee our non-attest services. The individual is not required to possess the expertise to perform or re-perform the services.
- Evaluate the adequacy and results of the non-attest services performed.
- Accept responsibility for the results of the non-attest services performed.
Your Responsibilities

You will be responsible for providing the necessary payroll reports which will include all employees with standby pay for the above mentioned period and providing a point person(s) who are able to answer questions as we proceed through the process of recalculating overtime compensation.

Fees

Professional fees for these services will be based on the experience of the individuals involved and the amount of work performed. Based on discussions and information provided, we anticipate these services will not exceed 80 hours. Fees for these services are estimated at $15,500 – $18,500.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in this Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,

Kerry F. Gordon, for
Moss Adams LLP

Enclosures

ACCEPTED AND AGREED:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of the City of Stockton with respect to the services to be provided by Moss Adams LLP:

Officer Signature: [Signature]

Print Name: Laurie Montes

Title: Deputy City Manager

Date: 10-2-14

Client: 627128
v. 8/9/2010

ATTEST:

CLERK OF THE CITY OF STOCKTON

Deputy City Attorney
PROFESSIONAL SERVICES AGREEMENT
Accounting Services

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference (collectively the "Agreement"), represents the terms and conditions relating to services to be provided to you by Moss Adams. Terms not defined herein shall have the same meaning as set forth in the Engagement Letter.

Execution of this Agreement
This Agreement may have been forwarded to you by email, facsimile transmission or as an attachment to an Engagement Letter. Your acceptance of this Agreement, returned by the same or similar means is legally binding upon Moss Adams and you. The party executing this Agreement represents that he/she has the authority to make this Agreement with Moss Adams.

Fees and Expenses
Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. If we elect to suspend our engagement for nonpayment, we may not resume our work until your account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for all out-of-pocket expenditures made through the date of termination. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

You may request that we perform additional services not contemplated by this Agreement. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We will also issue a separate Agreement covering the additional services.

Timely and Professional Performance
Moss Adams will use all reasonable efforts to provide the Services within the timeframe stipulated. Moss Adams will exercise due professional care and competence in the performance of the Services. Moss Adams will not be liable for failures or delays in the performance of Services that arise from causes beyond its control, including the untimely performance by client, its representatives, advisors, or agents, of its obligations under the Agreement.

Limitation on Liability
YOU AGREE THAT MOSS ADAMS’ TOTAL LIABILITY FOR ANY AND ALL DAMAGES WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT FROM ANY CAUSE, INCLUDING BUT NOT LIMITED TO CONTRACT LIABILITY OR MOSS ADAMS’ NEGLIGENCE, ERRORS, OMISSIONS, STRICT LIABILITY, BREACH OF CONTRACT OR BREACH OF WARRANTY SHALL NOT, IN THE AGGREGATE, EXCEED THE FEES PAID TO MOSS ADAMS UNDER THIS AGREEMENT.

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Indemnity
You will indemnify and hold harmless Moss Adams and its employees (Indemnified Persons) from any and all liabilities and expenses, including reasonable attorney’s fees, arising out of any action by a third party related to this engagement and will assume the defense thereof with counsel suitable to Moss Adams. No employee of Moss Adams or Indemnified Person shall be subjected to any personal liability whatsoever, nor will any such claim be asserted by or on behalf of any other party relying on the services rendered under this Agreement.

Company Responsibilities
You must accept the responsibilities set forth below regarding the engagement:

• Make all management decisions and perform all management functions in connection with the services and information provided resulting from this engagement;
• Designate an individual with suitable skill, knowledge, and/or experience to oversee our services;
• Evaluate the adequacy and results of the services performed;
• Accept responsibility for the results of the services performed;

v. 8/11/2010
We will not make management decisions or perform management functions, such as authorizing or consummating transactions. We may, however, advise and train your staff in these areas. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

**Intellectual Property**

You agree that all works performed or created under this Agreement (the "Work Products") are instruments of service and Moss Adams shall retain the copyright, trademark, patent, and all other intellectual property rights, whether or not the Work Products are completed. Moss Adams grants the Client an irrevocable, non-exclusive, royalty-free license to use the completed Work Products only for its Internal Use. For purposes of this Agreement the words "Internal Use" shall be defined to mean use by the Client, its wholly owned subsidiaries, subsidiaries of subsidiaries and affiliated companies and employees and agents of each. The Client shall not otherwise use, reproduce, display, or transfer the Work Products, or any portion thereof, for any purpose other than its own Internal Use without Moss Adams' prior express written approval, which approval shall not be unreasonably denied. Notwithstanding any provision to the contrary in this Agreement, this Intellectual Property provision shall survive termination of this Agreement.

**Use of Electronic Communication**

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of facsimile machines and computer technology designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of facsimile transmissions to your representatives and other use of these electronic devices during this engagement as we deem appropriate.

**Document Retention Policy**

At the conclusion of this engagement, we will return original records you supplied to us. Our records and files, including our working papers, whether kept on paper or electronic media, are the property of Moss Adams and are not a substitute for your own records. Our policy is to destroy our annual engagement files and all pertinent working papers after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. Catastrophic events or physical deterioration may result in our records being unavailable before the expiration of the above retention period. Moss Adams retains the right to modify its record retention policies at any time without notice.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

**Subpoena of Documents**

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

**Enforceability**

In the event any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Professional Services Agreement or related engagement letter.

**Use of Moss Adams’ Name**

You may not use Moss Adams’ name, its trademarks, service marks or logos in connection with the services contemplated by this Agreement or otherwise without the prior written consent of Moss Adams, which consent may be withheld for any reason and may be subject to certain conditions.
Use of Non-licensed Personnel
Certain engagement personnel, who are not licensed as Certified Public Accountants, may provide services during this engagement.

Dispute Resolution Procedure, Venue and Limitation Period
This Agreement shall be governed by the laws of the state of Washington, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator’s fees and expenses.

If the claim or dispute cannot be settled through mediation, each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in King County, state of Washington in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED IN A COURT OF PROPER JURISDICTION WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination
This Agreement may be terminated by either party, with or without cause, upon ten (10) days’ written notice. In such event, we will stop providing Services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination, (a) you shall pay us for Services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, and (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render Services.

Entire Agreement
This Professional Services Agreement and the Engagement Letter constitute the entire Agreement and understanding between you and Moss Adams. You agree that in entering into this Agreement you have not relied upon any oral or other representations, promises or statements made by anyone which is not set forth herein. Any modification of this Agreement must be in writing and signed by both parties.
1. This Agreement is entered into between the City of Stockton ("City") and
Moss Adams LLP ("Contractor") to provide Internal Audit Services
as set forth in Exhibit A to this Agreement.

2. The term of this Agreement is as follows, unless amended as described in Exhibit A and
Exhibit C section 8:
Commences on: July 1, 2019 Terminates on: June 18, 2024

3. The maximum not to exceed amount to be paid to Contractor for the term of this Agreement,
including if authorized, reimbursement of expenses, is: $112,000 annually

4. The complete Agreement consists of all the following Agreement documents which by
reference are incorporated and made a part of this Agreement. The parties agree to comply with
the terms and conditions of this Agreement.

(a) Exhibit A – Statement of Work
(b) Exhibit B – Insurance
(c) Exhibit C – General Terms and Conditions
(d) Exhibit D – Professional Services Special Terms & Conditions
(e) Exhibit E – Compensation Schedule
(f) Exhibit F – Timeline

IN WITNESS WHEREOF, the authorized parties have executed this Agreement.

CONTRACTOR

Moss Adams LLP

Contractor's Name (if other than an individual, state whether a corporation, partnership, etc.):

Mark Steranka

Authorized Signature Date

Mark Steranka, Partner
Printed Name and Title of Person Signing

999 Third Avenue, Suite 2800, Seattle, WA 98104
Address

CITY OF STOCKTON

Kurt O. Wilson, City Manager

ATTEST:
Eliza Garza, City Clerk

APPROVED AS TO FORM:
John M. Luebbenke, City Attorney

BY:

(Rev. 5.28.19)
EXHIBIT A

STATEMENT OF WORK

1. **Project Objectives**

The City seeks to establish a contract for internal audit services. The Contractor should exercise the powers and duties assigned to the City Auditor pursuant to Article XV of the City Charter.

2. **Project Scope**

The Contractor shall provide internal audit services as requested by the City, subject to Council Audit Committee approval which include, but are not limited to the following:

A. The Contractor shall provide internal City Auditor services:

   1) Provide a senior representative to be assigned the powers and duties of the City Auditor under the terms of Agreement.

   2) Review all calls reported through the City’s Ethics Hotline.

   3) Respond to phone calls, citizen inquiries and emails to the City Auditor and when appropriate refer to City staff.

   4) Coordinate with City staff to schedule Council Audit Committee Meetings.

   5) Propose and update an annual audit plan at the beginning of each calendar year for the subsequent fiscal year beginning in July; prepare the audit plan based on regular citywide risk assessments and include proposed scope and cost for each recommended audit; present annual audit plan to City Manager for preliminary review of scope, followed by review by the Council Audit Committee and final presentation to the City Council for approval.

   6) Provide status reports, either written or oral, at each Council Audit Committee meeting; also provide status reports at City Council or other meetings upon request.

(Rev. 10.30.18)
7) Coordinate with City staff to complete financial audits, such as the annual external financial audit by an accounting firm (Comprehensive Annual Financial Report (CAFR)).

8) Research findings associated with annual external financial audits and perform follow-up work associated with such findings.

B. The Contractor shall conduct citywide risk assessments.

1) Review administrative and financial policies, procedures, and practices.

2) Examine current methods, procedures, and practices used to safeguard City assets; confirm that City staff is complying with approved policies, procedures and practices.

3) Assess the City's overall control environment.

   a) Management's philosophy and operating style regarding integrity and ethical values.
   b) Staff's philosophy and operating style regarding integrity and ethical values.
   c) The assignment of authority and responsibility for ensuring protection of City assets and policy compliance.
   d) Existing policies and procedures.

4) The City's ongoing identification and assessment of risk.

   a) The City's approach to risk identification and risk mitigation (proactive versus reactive).
   b) The alignment of the City's objectives with the assessment of risk.

5) The City's control activities (for protection of assets and compliance with policies).

   a) Separation of duties.
   b) Authorization and approval.
   c) Custodial and security arrangements.
   d) Review and reconciliation.
   e) Variance analysis.
   f) Adequate documentation.
   g) Physical inventories.

6) Senior management, mid-management and supervisory responsiveness to identified problems/weaknesses.

(Rev. 10.30.18)
a) The timeliness with which internal control deficiencies are identified and communicated  
b) Appropriateness of management’s selection of risk response – avoidance, acceptance, reduction, or sharing of an identified risk

7) Identify the strengths, weaknesses, challenges and key areas of risk

8) Make recommendations for improvement, identify future audit priorities and prepare preliminary audit plans

C. The Contractor shall conduct internal control audits according to Generally Accepted Government Auditing Standards (Yellow Book) as selected from the annual audit plan by the Council Audit Committee:

1) Perform sampling procedures to test and evaluate areas of the City’s internal controls, taking into account risk, control weaknesses, size, and complexity of operations.

2) Make use of and build upon the internal control evaluation work done by the City’s independent CPA firm during that firm’s annual financial statement audit.

3) Review any recommendations regarding the internal controls with the appropriate executives, Chief Financial Officer and the City Manager.

4) Prepare reports which analyze significant findings, recommend changes for strengthening internal controls and reducing identified risks, including, but not limited to, the following:
   
a) Report of the findings that outlines the specific deficiencies in the internal control framework and the possible impact posed (level of risk) due to the identified weaknesses.

b) Report with recommendations that will address the weaknesses identified in the City’s internal control framework.

5) Present draft results of this audit project and the preliminary audit plan to the City Manager with the final report to the Council Audit Committee, including estimated costs by audit project and a recommended future audit approach.
D. The Contractor shall conduct internal audits of City operations, processes and performance according to Generally Accepted Government Auditing Standards (Yellow Book) as selected from the annual audit plan by the Council Audit Committee:

1) Provide an opportunity for feedback and response by departments under audit along with the City Manager’s Office.

2) Provide regular reports on the status of ongoing internal audits.

3) Provide written reports with results of audits and publish audits to the City Auditor’s Web page; based on the audit work performed, written reports and oral PowerPoint presentations must be provided; the presentations shall address the audit findings and conclusions, audit recommendations that will improve the efficiency and effectiveness of the organizations or programs audited, and corrections needed to address any operational deficiencies or non-compliance issues found.

4) Work with management to implement recommendations.

E. Audit Findings

1) Conduct follow-up and verification of audit findings pursuant to closing findings as complete.

2) Provide city staff with tools to track open audit findings and facilitate resolution of findings when complete.

3. Specifications
   N/A

4. Major Deliverables
   N/A

5. Tasks That Support the Deliverables
   N/A

6. Internal and External Standards and Guidelines
   N/A

7. Criteria of Acceptance for Deliverables
   N/A
8. **Notices**

Pursuant to Exhibit C – General Terms and Conditions, Paragraph 15 – Notices, the mailing address for all required notices is as follows:

**Contractor:** Moss Adams LLP  
Mark Steranka  
3121 W. March Ln. Suite 200  
Stockton, CA 95219

**City:** City of Stockton  
Attn: City Manager  
425 N. El Dorado Street  
Stockton, CA 95202

9. **Key Personnel**

Mark Steranka will serve as the Moss Adams lead for the internal audit services and is hereby appointed as City Auditor by virtue of the Agreement.

10. **Option to Renew.**

N/A
EXHIBIT B

INSURANCE

NOTE: The City of Stockton is now using the online insurance program PINS Advantage. Once you have been awarded a contract you will receive an email from the City's online insurance program requesting you to forward the email to your insurance provider(s). Please see attached flyer regarding PINS Advantage.

Insurance Requirements for Professional Services

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

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 (or equivalent) covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than $2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than $1,000,000 per accident for bodily injury and property damage.

3. Workers’ Compensation insurance as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than $1,000,000 per accident for bodily injury or disease. 
   *(Not required if consultant provides written verification it has no employees)*

4. Professional Liability (Errors and Omissions) Insurance appropriate to the Consultant's profession, with limit no less than $2,000,000 per occurrence or claim, $2,000,000 aggregate. (If Claims-made, see below.)

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to the broader coverage and/or higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Stockton.

(Rev. 10.30.18)
Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The City of Stockton, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant’s insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used). Additional insured Name of Organization shall read “City of Stockton, its officers, officials, employees, and volunteers.” Policy shall cover City of Stockton, its officers, officials, employees, and volunteers for all locations work is done under this contract. Blanket coverage acceptable.

Primary Coverage

For any claims related to this contract, the Consultant’s insurance coverage shall be endorsed as primary coverage at least as broad as ISO CG 20 01 04 13 as respects the City of Stockton, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City of Stockton, its officers, officials, employees, or volunteers shall be excess of the Consultant’s insurance and shall not contribute with it. The City of Stockton does not accept endorsements limiting the Consultant’s insurance coverage to the sole negligence of the Named Insured.

Notice of Cancellation

Each insurance policy required above shall state that coverage shall not be canceled, except with notice to the City of Stockton.

Waiver of Subrogation

Consultant hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City of Stockton by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Stockton has received a waiver of subrogation endorsement from the insurer.

(Rev. 10.30.18)
Self-Insured Retentions (if applicable)

Self-insured retentions must be declared to and approved by the City of Stockton Risk Services. The City of Stockton may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City of Stockton.

Acceptability of Insurers

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

Claims Made Policies (note – applicable only to professional liability)

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase “extended reporting” coverage for a minimum of five (5) years after completion of contract work.

Verification of Coverage

Consultant shall furnish the City of Stockton with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the City of Stockton before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant’s obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Consultant shall, prior to the commencement of work under this Agreement, provide the City of Stockton with a copy of its declarations page(s) and endorsement page(s) for each of the required policies (except for professional liability policy), upon request.
Subcontractors

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City of Stockton is an additional insured on insurance required from subcontractors.

Special Risks or Circumstances

City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Certificate Holder Address

Proper address for mailing certificates, endorsements and notices shall be:

City of Stockton
400 E Main Street, 3rd Floor – HR
Attn: City Risk Services
Stockton, CA 95202

(Rev. 10.30.18)
EXHIBIT C

GENERAL TERMS AND CONDITIONS

1. **Goods, Equipment and Services.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to City the services described in Exhibit A of the Agreement. Contractor shall provide said services at the time, place and in the manner specified in Exhibit A of the Agreement.

2. **City Assistance, Facilities, Equipment and Clerical Support.** Except as set forth in Exhibit A, Contractor shall, at its sole cost and expense, furnish and maintain all facilities and equipment that may be required for furnishing services pursuant to this Agreement. If applicable, City shall furnish to Contractor only the facilities and equipment listed in Exhibit A to the Agreement.

3. **Compensation.** City shall pay Contractor for services rendered pursuant to this Agreement as described more particularly in Exhibit A and Exhibit E to the Agreement.

   3.1 Invoices submitted by Contractor to City must contain a brief description of work performed, time spent and City reference number. Within thirty (30) days of receipt of Contractor’s invoice, City will review invoice, and if acceptable make payment on approved invoice.

   3.2 Upon completion of work and acceptance by City, Contractor shall have ninety (90) days in which to submit final invoicing for payment. An extension may be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Contractor fails or neglects to submit within ninety (90) days, or any extension thereof granted by the City, after the work is accepted by the City.

4. **Sufficiency of Contractor’s Work.** All Contractor services, work, and deliverables shall be performed in a good and workmanlike manner with due diligence in accordance with the degree of skill normally exercised by similar contractors supplying services and work of a similar nature, and in conformance with applicable laws, codes and professional standards. Contractor’s work shall be adequate and sufficient to meet the purposes of this Agreement.

5. **Ownership of Work.** All final reports, and all other deliverables completed by Contractor or its approved subcontractors, in performance of this Agreement, and delivered to City, excluding any Consultant Material (defined below) contained or embodied therein (hereinafter, “Deliverables”), shall become the property of the City. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Contractor and its approved subcontractors agree to execute any additional documents that may be necessary to evidence such assignment. All materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any materials
are lost, damaged or destroyed before final delivery to the City, the Contractor shall replace them at its own expense. Contractor and its approved subcontractors shall keep materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent. Consultant shall own its working papers and accounting-related general skills, know-how, expertise, ideas, concepts, methods, techniques, processes, software, materials or other intellectual property or information which may have been discovered, created, received, developed or derived by Consultant either prior to or as a result of providing services under the Contract (collectively, "Consultant Materials"). The City shall have a non-exclusive, non-transferable license to use Consultant Materials for its own internal use and for the purposes for which they are delivered to the extent they form part of Materials.

6. **Timeliness.** Time is of the essence in this Agreement. Further, Contractor acknowledges that the failure of Contractor to comply with the time limits described in Exhibit A and Exhibit F may result in economic or other losses to the City.

7. **Changes.** Both parties to this Agreement understand that it may become desirable or necessary during the term of this Agreement for City to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with City and the change and cost shall be memorialized in a written amendment to the original contract prior to the performance of the additional work. Until the amendment is so executed, City will not be responsible to pay any charges Contractor may incur in performing such additional services, and Contractor shall not be required to perform any such additional services.

8. **Amendment.** No variation of the terms of this Agreement shall be valid unless an amendment is made in writing and signed by both parties.

9. **Contractor’s Status.**

9.1 In performing the obligations set forth in this Agreement, Contractor shall have the status of an independent contractor and Contractor shall not be considered to be an employee of the City for any purpose. All persons working for or under the direction of Contractor are its agents and employees and are not agents or employees of City. Contractor by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of City. Except as expressly provided in Exhibit A, Contractor has no authority or responsibility to exercise any rights or power vested in the City. No agent, officer or employee of the City is to be considered an employee of the Contractor. It is understood by both Contractor and City that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

9.2 Contractor shall determine the method, details and means of performing the work and services to be provided by Contractor under this Agreement. Contractor shall be responsible to City only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to City’s
control with respect to the physical action or activities of Contractor in fulfillment of this Agreement. Contractor has control over the manner and means of performing the services under this Agreement. If necessary, Contractor has the responsibility for employing other persons or firms to assist Contractor in fulfilling the terms and obligations under this Agreement.

9.3 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Contractor.

9.4 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's assigned personnel under the terms and conditions of this Agreement.

10. **Subcontractor.**

10.1 Subcontractors shall not be recognized as having any direct or contractual relationship with City. Contractor shall be responsible for the work of subcontractors, which shall be subject to the provisions of this Agreement. Subcontractors will be provided with a copy of the Agreement and be bound by its terms. Contractor is responsible to City for the acts and omissions of its subcontractors and persons directly or indirectly employed by them.

10.2 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages working conditions, discipline, hiring, and discharging or any other term of employment or requirement of law shall be determined by Contractor.

10.3 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's personnel.

11. **Termination.**

11.1 **Termination for Convenience of City.** The City may terminate this Agreement at any time by mailing a notice in writing to Contractor 60 days prior to termination, and Contractor may terminate this Agreement at any time by mailing a notice in writing to the City 90 days prior to termination. The Agreement shall then be deemed terminated, and no further work shall be performed by Contractor. If the Agreement is so terminated, the Contractor shall be paid for the work actually completed at the time the notice of termination is received.

11.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.
11.3 **Funding: Non-Appropriation.** It is mutually understood between the Parties that payment to the Contractor for performance shall be dependent upon the availability of appropriations by the City Council for the purposes of this Agreement. No legal liability on the part of the City for any payment may arise under this Agreement until funds are made available and until the Contractor has received funding availability, which will be confirmed in writing. If funding for any fiscal year is reduced or deleted, or if the City loses funding for any reason, the City, in its sole discretion, shall have the option to either (a) cause this Agreement to be canceled or terminated pursuant to applicable provisions of the Agreement; or (b) offer to amend the Agreement to reflect the reduced funding for this Agreement.

12. **Non-Assignability.** The Contractor shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, and then only upon such terms and conditions as City may set forth in writing. Contractor shall be solely responsible for reimbursing subcontractors.

13. **Indemnity and Hold Harmless.** To the fullest extent permitted by law, Contractor shall hold harmless, defend at its own expense, and indemnify the City of Stockton, its officers, employees, and agents, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees, for damages to real or tangible personal property or personal injury (including death) to the extent arising from negligent or wrongful acts or omissions of contractor or its officers, agents, or employees in rendering services under this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising from the City of Stockton’s negligence or willful acts. The duty to defend and the duty to indemnify are separate and distinct obligations. The indemnification obligations of this section shall survive the termination of this agreement.

14. **Insurance.** During the term of this Agreement, Contractor shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached Exhibit B to this Agreement and shall otherwise comply with the other provisions of Exhibit B to this Agreement.

15. **Notices.** All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed in Exhibit A to this Agreement.

16. **Conformance to Applicable Laws.** Contractor shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Contractor shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color, national origin, ancestry, sex or religion of such person.

17. **Licenses, Certifications and Permits.** Prior to the City’s execution of this Agreement and prior to the Contractor's engaging in any operation or activity set forth in this Agreement, Contractor shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Contractor covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement. Such licenses, certificates and permits shall be maintained in full
force and effect during the term of this Agreement.

18. **Records and Audits.**

Contractor shall maintain all records regarding services this Agreement and the services performed for a period of three (3) years from the date that final payment is made. At any time during normal business hours, the records shall be made available to the City to inspect and audit. To the extent Contractor renders services on a time and materials basis, Contractor shall maintain complete and accurate accounting records, in a form prescribed by City or, if not prescribed by City, in accordance with generally accepted accounting principles, such records to include, but not be limited to, payroll records, attendance cards, time sheets, and job summaries.

19. **Limitation on Liability.** CONTRACTOR’S TOTAL LIABILITY FOR ANY AND ALL DAMAGES WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT FROM ANY CAUSE, INCLUDING BUT NOT LIMITED TO CONTRACT LIABILITY OR NEGLIGENCE, ERRORS, OMISSIONS, STRICT LIABILITY, BREACH OF CONTRACT OR BREACH OF WARRANTY SHALL NOT, IN THE AGGREGATE, EXCEED $2,000,000.

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

20. **No Third Party Beneficiaries.** City and Contractor are the only parties to this contract and are the only parties entitled to enforce its terms. Nothing in this contract gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons.

21. **Confidentiality.** Contractor shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions.

22. **Conflicts of Interest.** Contractor covenants that other than this Agreement, Contractor has no financial interest with any official, employee or other representative of the City. Contractor and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Contractor’s services under this Agreement. If such an interest arises, Contractor shall immediately notify the City.

23. **Waiver.** In the event either City or Contractor at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation. No payment, partial payment, acceptance, or partial acceptance by City shall operate as a waiver on the part of City of any of its rights under this

(Rev 10.30.18)
24. **Governing Law.** California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the Federal District Court of California, Eastern District, Sacramento Division.

25. **No Personal Liability.** No official or employee of City shall be personally liable to Contractor in the event of any default or breach by the City or for any amount due Contractor.

26. **Severability.** If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or city statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

27. **Non-Discrimination.** During the performance of this Agreement, Contractor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state, or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, sex or sexual orientation, family and medical care leave, pregnancy leave, or disability leave. Contractor and its officers, employees, agents, representative or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the City’s nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12990 (et seq.)); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulation or Code of Federal Regulations. Title VI of the Civil Rights Act of 1964 requires that “no person in the United States shall, on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.” (42 USC Section 2000d). [http://www.dol.gov/oasam/regs/statutes/titlevi.htm](http://www.dol.gov/oasam/regs/statutes/titlevi.htm). The City requires compliance with the requirements of Title VI in all of its programs and activities regardless of funding source.

28. **Force Majeure.** Neither party shall be responsible for delays or failures in performance resulting from acts of God, acts of civil or military authority, terrorism, fire, flood, strikes, war, epidemics, pandemics, shortage of power or other acts or causes reasonably beyond the control of that party. The party experiencing the force majeure event agrees to give the other party notice promptly following the occurrence of a force majeure event, and to use diligent efforts to re-commence performance as promptly as commercially practicable.
29. **Taxes and Charges.** Contractor shall be responsible for payment of all taxes, fees, contributions or charges applicable to the conduct of the Contractor's business.

30. **Cumulative Rights.** Any specific right or remedy provided in this Agreement will not be exclusive but will be cumulative of all other rights and remedies to which may be legally entitled.

31. **Advice of Attorney.** Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

32. **Heading Not Controlling.** Headings used in this Agreement are for reference purposes only and shall not be considered in construing this Agreement.

33. **Entire Agreement, Integration, and Modification.**

   33.1 This Agreement represents the entire integrated agreement between Contractor and the City; supersedes all prior negotiations, representations, or agreements, either written or oral between the parties and may be amended only by a written Amendment signed by the Contractor and City Manager.

   33.2 All Exhibits to this Agreement and this Agreement are intended to be construed as a single document.

34. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

35. **Authority.** The individual(s) executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.
EXHIBIT D
PROFESSIONAL SERVICES SPECIAL TERMS AND CONDITIONS

1. **Definitions.** The following words and phrases have the following meanings for purposes of this Agreement:

   1.1 "Services" means, collectively, the services, duties and responsibilities described in Exhibit A of this Agreement and any and all work necessary to complete them or carry them out fully and to the standard of performance required in this Agreement.

   1.2 "Deliverable" shall have the meaning as described in Exhibit C Section 6.

2. **General.** The following terms and conditions are applicable for the Professional Services only. The special conditions shall be read in conjunction with the Standard Agreement, General Terms and Conditions ("GTC") Exhibit C, and all other Exhibits identified in the Standard Agreement.

   2.1 Where any portion of the GTC is in conflict to or at variance with any provisions of the Special Conditions of the Agreement, then unless a different intention stated, the provision(s) of the Special Conditions of the Agreement shall be deemed to override the provision(s) of GTC only to the extent that such conflict or variations in the Special Conditions of the Agreement are not possible of being reconciled with the provisions of the GTC.

   2.2 In the case of modification of a part or provision of the GTC, the unaltered part or provision, or both shall remain in effect. The Special Conditions shall relate to a particular project and be peculiar to that project but shall not weaken the character or intent of the GTC.

3. **Standard of Performance**

   In addition to Exhibit C, Contractor agrees as follows:

   3.1 Contractor's Services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Contractor's profession currently practicing under similar conditions. Contractor shall comply with the profession's standard of performance, applicable laws, regulations, and industry standards. By delivery of completed work, Contractor certifies that the work conforms to the requirements of this
Agreement and all applicable federal, state and local laws. If Contractor is retained to perform services requiring a license, certification, registration or other similar requirement under California law, Contractor shall maintain that license, certification, registration or other similar requirement throughout the term of this Agreement.

3.2 Contractor acknowledges that it is entrusted with or has access to valuable and confidential information and records of the City and with respect to that information, Contractor agrees to be held to the standard of care of a fiduciary. Contractor shall assure that all services that require the exercise of professional skills or judgment are accomplished by professionals qualified and competent in the applicable discipline and appropriately licensed, if required by law. Contractor must provide copies of any such licenses. Contractor remains responsible for the professional and technical accuracy of all Services or Deliverables furnished, whether by Contractor or its subcontractors or others on its behalf. All Deliverables must be prepared in a form and content satisfactory to the Using Agency and delivered in a timely manner consistent with the requirements of this Agreement.

4. **Personnel**

4.1 Contractor agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services under this Agreement. Failure to assign such competent personnel shall constitute grounds for termination of this Agreement. The payment made to Contractor pursuant to this Agreement shall be the full and complete compensation to which Contractor and Contractor’s officers, employees, agents, and subcontractors are entitled for performance of any work under this Agreement. Neither Contractor nor Contractor’s officers or employees are entitled to any salary or wages, or retirement, health, leave or other fringe benefits applicable to employees of the City. The City will not make any federal or state tax withholdings on behalf of Contractor. The City shall not be required to pay any workers’ compensation insurance on behalf of Contractor. Contractor shall pay, when and as due, any and all taxes incurred as a result of Contractor’s compensation hereunder, including estimated taxes, and shall provide City with proof of such payments upon request.

4.2 Key Personnel: Because of the special skills required to satisfy the requirements of this Agreement, Contractor shall not reassign or replace key personnel without the written consent of the City, which consent the City will not unreasonably withhold. "key personnel" means those job titles and the persons assigned to those positions in accordance with the provisions of this Agreement. The City may at any time in writing notify Contractor that the City will no longer accept performance of Services under this Agreement by one or more Key Personnel listed. Upon that notice Contractor shall immediately suspend the services of the key person or persons and must replace him or them in accordance with the terms of this Agreement. A list of key personnel is found in Exhibit A, Scope of Services.

(Rev. 10.30.18)
5. **Reports and Information**

Contractor shall at such times and in such forms as the City may require furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, are to be included in the annual retainer costs for providing core audit services covered by this Agreement as specified in Exhibit A and Exhibit E.

6. **Findings Confidential**

All of the reports, information, data, et cetera, prepared or assembled by the Contractor under this Agreement are confidential and the Contractor agrees that they shall not be made available to any individual or organization (except for need to know basis) without the prior written approval of the City. Contractor shall not be required under the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is required by applicable law or by proper legal or governmental authority, is already rightfully in the Contractor’s possession without obligation of confidentiality, is independently developed by Contractor outside the scope of this Agreement or is rightfully obtained from third parties. Contractor shall give City prompt notice of any such legal or governmental demand and reasonably cooperate with City in any effort to seek a protective order or otherwise to contest such required disclosure.
EXHIBIT E
COMPENSATION SCHEDULE

The Contractor shall be compensated for the services identified in Exhibit A, Exhibit C, and Exhibit D to this Agreement as follows:

1. Project Price

1.1 The maximum the Contractor shall be paid on this Agreement will be determined on an annual basis as approved by the City Council through adoption of the annual Internal Audit Plan. Contractor shall propose independent, fixed price audit projects for consideration for inclusion in each Internal Audit Plan. The City Council will determine the number of audit projects, cost for each project and overall budget allocation each year for the Internal Audit Plan. In addition to specific audit projects determined on an annual basis, Contractor will include $29,500 annually in the Internal Audit Plan to provide core internal City Auditor services on retainer. Contractor shall invoice for core internal audit services on a monthly basis. Total compensation shall not exceed the fiscal year budget allocation for the Internal Audit function. The "not to exceed" amount includes all payments to be made pursuant to this Agreement, including City approved reimbursable expenses, if any. Nothing in this Agreement requires the City to pay for work that does not meet the Standard of Performance identified in Exhibit D section 4 or other requirements of this Agreement.

1.2 Standard Reimbursable Items: Only the reimbursable items identified in Exhibit A, C, and D (Compensation), shall be compensated to the Contractor. Reimbursable expenses will be reimbursed without markup. Fees plus reimbursable expenses shall not exceed the amount set forth in section 1.1 of this Exhibit and a copy of the original invoice for the items listed in i, ii, iii or iv below shall be attached to the invoice submitted to the City for reimbursement. Payments shall be based upon work documents submitted by the Contractor to the City and accepted by the City as being satisfactory to City’s needs. The City shall not pay a markup on any of the items listed in i, ii or iii. Additionally, items such a telephone, fax, postage or freight are already included in the billable hourly rate. Contractor shall be reimbursed the direct expenses, which are the actual cost of the following items that are reasonable, necessary and actually incurred, by the Contractor in connection with the services:

i. Expenses, fees or charges for printing, reproduction or binding of documents at actual costs with no markup added to the actual cost.

ii. Any filing fees, permit fees, or other fees paid or advanced by the Contractor at actual costs with no markup added to the actual cost.

iii. Travel expenses shall be reimbursed in accordance with the City’s travel policy, which is incorporated herein by reference.

(Rev. 10.30.18)
iv. Processing time and technology expenses may be passed through at cost and may be billed as a flat charge or a percentage of fees.

Reimbursement shall be made at actual costs with no markup added to the actual cost.

1.3 The Contractor shall be entitled to receive payments for its work performed pursuant to the Agreement. The City will pay Contractor based on invoices for acceptable work performed and approved until the "not to exceed" amount is reached. Thereafter, Contractor must complete services based on the Agreement without additional compensation unless there is a material change to the Statement of Work and Scope by a written Amendment.

1.4 If work is completed before the "not to exceed" amount is reached, the Contractor’s compensation will be based on the Contractor’s invoices previously submitted for acceptable work performed and approved.

2. Hourly Rates. The following is a list of hourly billable rates that Contractor shall apply for additional services requested of the Contractor. Contractor shall be compensated based on the hourly rates set forth below, on a time and material basis for those services that are within the general scope of services of this Agreement, but beyond the description of services required under Exhibit A, and all services are reasonably necessary to complete the standards of performance required by this Agreement. Any changes and related fees shall be mutually agreed upon between the parties by a written amendment to this Agreement.

Hourly Billable Rate Schedule

<table>
<thead>
<tr>
<th>Title</th>
<th>Role on Project</th>
<th>Hourly Billable Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>City Auditor</td>
<td>$400</td>
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<tr>
<td>Senior Manager</td>
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<td>$350</td>
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<tr>
<td>Manager</td>
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<td>$300</td>
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<tr>
<td>Senior Consultant</td>
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<td>$200</td>
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<tr>
<td>Staff</td>
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<td>$150</td>
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</tbody>
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3. Invoice to Address. Each invoice submitted shall identify the specific task(s) listed in Exhibit A and this Exhibit, and the completed work for the agreed upon price listed in section 2 of this Exhibit. Invoices shall be submitted to the below address:

City of Stockton City Manager’s Office
Attention: Christian Clegg
425 N. El Dorado Street
Stockton, CA 95202
**CONTRACT ROUTING FORM**

**Contract Number:** 2019-06-18-1103

**CITY CONTRACT TYPE (select one):**
- [ ] Original
- [ ] Amendment/Change Order
- [ ] Grant
- [ ] Subdivision Agreement
- [x] Other

**CONTRACT INFORMATION**
- **Contract Amount:** $-Based on Budget Approval
- **Contract Title:** Internal Audit Services
- **Vendor/Other Party:** Moss Adams, LLC
- **Contract Start Date:** July 2019
- **Contract End Date:**
- **Contract Term:** 5 yrs

**COUNCIL APPROVAL REQUIRED?**
- [ ] Yes
- [ ] No (provide account # if no)

**Council approval required for contracts over $**

**Motion/Resolution/Ordinance No:** 2019-06-18-1103
- **FISCAL YEAR:** Must be Attached [x]

**REQUIRED DOCUMENTS**
- **Business License Required?**
  - [ ] Yes
  - [ ] No
- **Business License No.:** 20-3347(21836) mbl 3-3-20
- **Bonds Required?**
  - [ ] Yes
  - [ ] No
- **Insurance Required?**
  - [ ] Yes
  - [ ] No
- **Notary Required?**
  - [ ] Yes
  - [ ] No

**Mandatory Routing Order**

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>City Manager's Office</th>
</tr>
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<tbody>
<tr>
<td><strong>DEPARTMENT HEAD APPROVAL</strong></td>
<td>[Signature] Christian Clegg [Date] 7-8-19</td>
</tr>
<tr>
<td>Project Mgr: Christian Clegg [Ext: 8205]</td>
<td>Staff:</td>
</tr>
<tr>
<td>Forwarded to: <strong>Procurement</strong> [On: 7-8-19] by: Christian</td>
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<table>
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<tr>
<th>PROCUREMENT</th>
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<tbody>
<tr>
<td>Approved (x): [Signature] [Date] 7-11-19</td>
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<tr>
<td>Forwarded to: [Date]</td>
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<table>
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<th>VENDOR/OTHER PARTY</th>
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</thead>
<tbody>
<tr>
<td>Signed: [Date] 6-26-19</td>
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<tr>
<td>Forwarded to:</td>
</tr>
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</table>

**RISK SERVICES**
- **Insurance on:** 7-16-19 by: [Name] [RM #: 20-014]
- **Bonds approved on:** [By:] [Date]

**CITY ATTORNEY**
- **Approved as to Form and Content on:** 7-17-19 [By:] [Signature]
- **Forwarded to:** CM [Date] 7-17-19 [By:] [Signature]

**CITY MANAGER**
- **Signed by City Manager on:** 7-23-19 [By:] [Signature]
- **Forwarded to:** C.C [Date] 7-23-19 [By:] [Signature]

**CITY CLERK**
- **City Clerk attested on:** 7-23-19 [Returned (1) original(s) to dept. on:] 7-30-19 [By:] BOH
- **Retained (1) original(s) for City's file. Hard Copy on file?** [Yes] [No] [OB #]

**ORIGINATING DEPARTMENT:**

**PROCUREMENT:** Purchase Order No. PUR No.
File #: 19-5579, Version: 1

AUTHORIZE FIVE-YEAR CONTRACT FOR INTERNAL AUDIT SERVICES

RECOMMENDATION

The Council Audit Committee recommends that the City Council adopt a motion to:

1. Award a Professional Services Contract to Moss Adams, LLC (Moss Adams) to provide Internal Audit Services.

2. Approve findings pursuant to Stockton Municipal Code section 3.68.070 in support of an exception to the competitive bidding process.

It is also recommended that the City Manager be authorized to take appropriate and necessary actions to carry out the purpose and intent of this motion.

Summary

In the fall of 2012, following the retirement of the long-time City Auditor, the City Council decided to pursue internal audit services by contract. The City issued a Request for Proposals (RFP) to conduct a risk assessment and internal control review and to provide the services of the City Auditor. In early 2013, Moss Adams was selected through the RFP process as the firm to carry out the initial projects, create an aggressive Internal Audit Plan and provide internal audit services. The initial Internal Audit Plan was completed during Fiscal Year 2015-16. As part of its ongoing internal audit responsibilities, at the end of each subsequent fiscal year Moss Adams identified new projects for consideration by the Council Audit Committee and adoption by the City Council to establish an internal audit plan for the upcoming fiscal year.

The term of the initial contract with Moss Adams expires June 30, 2019. Staff prepared an RFP to solicit proposals for a new five-year contract. Through this competitive process, Moss Adams received the highest ranking based on the criteria for their written proposals and for their performance in an interview of potential firms. During the June 3, 2019 meeting, the Council Audit Committee approved this contract and recommended it be forwarded to the full City Council for consideration. The proposed contract would authorize Moss Adams to provide the functions of the City Auditor and carry annual internal audit plans.

DISCUSSION

Background

Stemming from the City Council Strategic Initiatives adopted in 2011 designed to attain fiscal sustainability and address a multitude of audit findings, the City Council decided in 2012 to solicit
Internal Audit Services by contract. The successful firm, Moss Adams, was selected to provide audit services as a pilot project while also conducting a risk assessment and internal control review. This comprehensive assessment was a core task in the restructuring effort of the City’s finances. In summary, the risk assessment gauged the City’s overall risk as being “high.” The risk assessment also identified mitigating actions to provide the City with a path to strengthen performance delivery and reduce risk. The internal control review also found that the condition of internal controls within the City’s accounting and reporting functions has significant opportunities for improvement. The internal control review outlined the work that would be required to strengthen its control processes and procedures. The recommendations included in the internal control review provided a road map for carrying out this work.

In September 2013, the City Council approved a contract with Moss Adams to complete an Internal Audit Plan that would begin implementation of the most critical improvements recommended by the assessment. The City Manager and Moss Adams as the City Auditor brought forward the initial Internal Audit Plan, which included 24 projects covering two primary types of activities: 1) internal controls improvement and 2) performance improvement. The Plan organized the work based on priority, timing and workload capacity. The initial Internal Audit Plan was completed during the 2015-16 fiscal year.

As part of its ongoing internal audit responsibilities, at the end of each subsequent fiscal year Moss Adams identified new projects for consideration by the Council Audit Committee and adoption by the City Council to establish an internal audit plan for the upcoming fiscal year. The Council Audit Committee approved the internal audit plan each year, identifying audit projects within the $421,000 annual budget that had been established as the baseline funding allocation for Internal Audit Services.

Over the past three and a half years, a variety of projects have been completed in subsequent annual audit plans, prioritizing ongoing internal control reviews and multiple operational facets of the City, including policies, procedures, controls, and performance. Regular progress updates have been provided at monthly Council Audit Committee meetings. Project reports and recommendations from Moss Adams have also been provided to the City Council as informational items in regular City Council agenda packets and biannual reports have been presented during City Council meetings.

The term of the initial 5-year contract with Moss Adams expired in spring of 2018. The City Council authorized two additional one-year contract extensions to allow Moss Adams to complete their proposed annual audit plans and align the contract term with the fiscal year cycle. The extended contract term with Moss Adams expires June 30, 2019.

Present Situation

In anticipation of the expiration of the extended contract term for internal audit services, staff prepared an RFP to solicit proposals for a new five-year contract. While the City has had a positive experience contracting for internal audit services, it is worth noting that the RFP requirements took into account lessons learned over the past six and a half years.

On February 28, 2019, the City advertised an RFP for internal audit services. On March 21, 2019, two proposals were received from the following firms:
Prior to issuing the RFP, staff identified more than 10 audit firms and ensured that the firms were included in the RFP solicitation notice. Only one firm, Lance, Soll & Lunghard, submitted questions related to the RFP. Given the number of respondents, staff followed up with other firms to determine why they did not submit proposals. The firms surveyed did not submit because of the comprehensive scope of services for our contract. While many firms conduct internal audits, most have not taken on the role of City Auditor and provided full internal audit services to a municipality. While the City only received two proposals, staff conducted an initial review to confirm the process was competitive and would produce the best possible candidates. Following this initial review, it was determined that both proposals represented strongly qualified candidates and that the process would produce the desired outcome for the City.

A committee evaluated the proposals based on each firm’s qualifications and experience as City Auditors, framework and approach to conducting internal audits, strategic partnership strength and fit, accessibility of key personnel assigned to perform services, and ability to provide all services requested. Both candidates were requested to participate in an interview with the evaluation committee to further examine their qualifications, approach and strategic fit with the City.

Moss Adams received the highest ranking, based on the noted criteria for their written proposals and for their performance in the interview. Moss Adams provided high quality materials and references. Moss Adams offers much broader experience in carrying out the specific role of City Auditor for a number of other California cities. Moss Adams also offered a deep resource pool of experienced auditors in a variety of specific areas of expertise relevant to anticipated performance and control audits planned for the City. They have conducted more audits specific to City operations than the other candidate. In addition, Moss Adams proposed an approach of finding solutions to issues identified in the City and improving operations that represents a strategic fit with the City to continue shoring up our internal control, policy and process environment in a productive way.

While Moss Adams provided the most competitive proposal in the RFP process, it is worth noting that the City has already experienced similar high-quality work during the initial contract term over the past six years. Moss Adams has been a critical strategic partner in improving the core controls, policies, processes and operations of the City. Moss Adams has a level of expertise and professionalism that outpaces competitors, a level of expertise that would be difficult for the City to provide in-house. The firm is clearly well versed in best practices in the field and follows the most current auditing and accounting standards. Their work also demonstrates their valuable experience accumulated from audits conducted for hundreds of other local governments. Moss Adams has delivered projects on budget without exception and has worked to deliver projects in a timely manner while accommodating the challenging workloads of City staff as we have recovered from bankruptcy. In addition, Moss Adams has developed a positive working relationship with the Council Audit Committee and City staff. The firm has reinforced the clear reporting relationship to the Council Audit Committee while working collaboratively with City staff.

Moss Adams has also faithfully carried out the core services of the City Audit function. They have aptly responded to the complaints that have been submitted to the ethics, fraud and waste hotline. They have produced regular status reports for the Council Audit Committee and City Council. Staff
has called upon Moss Adams in a consultative role related to other external audits, existing internal control and process improvement projects and other strategic planning efforts. They have developed plans to bolster the fraud, waste and abuse program. Moss Adams has provided the type of work that was necessary to create a more robust internal audit program.

Staff recommends Council approve a motion to award a Professional Services Contract with Moss Adams to provide Internal Audit Services. Given their expertise, performance, approach and existing knowledge of the City, this contract represents a strategic partnership that will allow the City to continue moving forward with the progress we have made with our internal audit function.

The implementation of this Plan is critical work that represents the final component of the reform effort of the City. This work will yield a tremendous return on investment by reducing the risk of fraud, waste and abuse. Much of this work will also lead to improved operations and organizational capacity. Following completion of this demanding body of work, the City will be in a position to focus on service delivery. In addition, the City will have in place a strengthened internal audit function from which it can move forward with future audit projects.

Findings

Pursuant to SMC section 3.68.070, Council may approve findings which support an exception to the competitive bidding process. These findings include:

1. The City does not have staff resources to provide multiple areas of expertise required to deliver internal audit services to a City of our size and complexity of operations.

2. Providing audit services by contract has resulted in a high-quality internal audit program.

3. Use of the RFP process is appropriate for this Professional Services Contract because it relies on the evaluation of professional qualifications and performance as the basis for selection of a vendor. Use of these criteria helps ensure selection of a vendor that will provide the highest quality professional service which is in the public interest.

4. The City negotiated a contract following solicitation of competitive proposals in accordance with SMC section 3.68.070.A.3.

The recommended motion will approve a Professional Services Contract with Moss Adams for a five-year term. The proposed contract for Moss Adams will authorize them to provide the functions of the City Auditor and to develop and carry annual internal audit plans (Attachment A). During the June 3, 2019 meeting, the Council Audit Committee approved award of this contract and recommended it be forwarded to the full City Council for consideration.

FINANCIAL SUMMARY

The proposed Fiscal Year 2019-20 budget, subject to Council approval, includes sufficient funds in the 010-1901-510 Internal Audit Services account for Moss Adams to carry out an annual internal audit program. The program will be limited to the $421,000 annual budget that had been established as the baseline funding allocation for Internal Audit Services. The intent is for the annual internal
audit program to be the funding plan each year for these budgeted dollars. In addition, the contract for providing the City Auditor function includes a monthly retainer for providing the core internal audit services. There are also sufficient funds planned for this activity in account 010-1901-510.

Attachment A - Moss Adams Professional Services Agreement
1. CLOSED SESSION CALL TO ORDER/ROLL CALL - 4:00 PM

Roll Call
Present:
Jesus Andrade
Paul Canepa
Christina Fugazi
Sol Jobrack
Susan Lenz
Michael Tubbs

Absent:
Daniel Wright.

NOTE: Vice Mayor Wright arrived to the meeting at 4:01 PM.

2. ADDITIONS TO CLOSED SESSION AGENDA

None

3. ANNOUNCEMENT OF CLOSED SESSION

3.1 19-5535 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Number of Cases: Seven

Name of Case: Wells Fargo Bank v. City of Stockton (San Joaquin County Superior Court Case No. 39-2012-00277662)

Name of Case: Wells Fargo Bank, National Association, as Indenture Trustee v. City of Stockton (San Joaquin County Superior Court Case No. 39-2012-00280741)

Name of Case: In re City of Stockton, California - Debtor (United States Bankruptcy Court, Eastern District of California Case No. 2012-32118)

Name of Case: Richard Price, et al. v. City of Stockton, Redevelopment Agency, et al. (United States District Court, Eastern District Case No. CIV.S-02-0065 LKK JFM)

Name of Case: Shawna Brown et al. v. City of Stockton, et al. (United States District Court, Eastern District Case No. 2:13-CV-01007-KJM-KJN)
Name of Case: Larry Roberson, Workers' Compensation Appeals Board, Case No. ADJ8242019

Name of Case: Michael Williams, Workers' Compensation Appeals Board, Case Nos. ADJ8083881 and ADJ10569331

This Closed Session is authorized pursuant to section 54956.9(a) of the Government Code.

Legislation Text

3.2 19-5536 CONFERENCE WITH LABOR NEGOTIATOR

Agency Designated Representative: City Manager Kurt Wilson

Employee Organizations: Unrepresented Units, Stockton City Employees' Association, Operating Engineer's Local 3, Mid-Management/Supervisory Level Unit, Unrepresented Management/Confidential, Law Department, Stockton Police Management Association, Stockton Firefighters Local 456 International Association of Firefighters, Stockton Fire Management, Stockton Police Officers' Association (SPOA)

This Closed Session is authorized pursuant to Section 54957.6(a) of the Government Code.

Legislation Text

3.3 19-5537 PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

City Manager

This Closed Session is authorized pursuant to Government Code Section 54957.

Legislation Text

3.4 19-5538 CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION

Number of Cases: Two

Based on existing facts and circumstances, there is significant exposure to litigation pursuant to Government Code section 54956.9(b).

Legislation Text

3.5 19-5609 CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Number of Parcels: Six

Address: 1501 S. Airport, Stockton, California
APN: 169-020-11
Owner: City of Stockton

Address: 1670 S. Union Street, Stockton, California
APN: 169-030-13
Owner: City of Stockton

Address: 425 N. El Dorado Street, Stockton, California
APN: 139-070-10
Owner: City of Stockton

Address: 345 N. El Dorado Street, Stockton, California
APN: 139-080-01
Owner: City of Stockton

Address: 6 E. Lindsay Street, Stockton, California
APN: 139-080-02
Owner: City of Stockton

Address: 20 E. Lindsay Street, Stockton, California
APN: 139-080-04
Owner: City of Stockton

Agency Negotiators: Kurt Wilson, City Manager

Under Negotiation: Price and Terms

This Closed Session is authorized pursuant to section 54956.8 of the Government Code.

Legislation Text

4. PUBLIC COMMENT

Steven Turner - Closed Session meeting format

5. RECESS TO CLOSED SESSION

The Council recessed to Closed Session at 4:01 PM. The Council returned from Closed Session and recessed at 5:12 PM.

6. REGULAR SESSION CALL TO ORDER/ROLL CALL - 5:33 PM

Roll Call
Present:
Jesus Andrade
Paul Canepa
Christina Fugazi
Sol Jobrack
Susan Lenz
Michael Tubbs
Daniel Wright

7. INVOCATION/PLEDGE TO FLAG
The Pledge of Allegiance was led by Councilmember Fugazi.

8. REPORT OF ACTION TAKEN IN CLOSED SESSION

None

9. ADDITIONS TO REGULAR SESSION AGENDA

None

10. RECOGNITIONS, ANNOUNCEMENTS, OR REPORTS

10.1 CERTIFICATE OF RECOGNITION - IN HONOR OF HEROIC ACTIONS

Recipients: Troy Cooper and John Pedebone

John Pedebone: thanked Council, god for putting them there; social media responses

Troy Cooper: heroism; thanked god for putting them there

10.2 COMMENDATION - ROTARY CLUB OF CENTRAL STOCKTON

Recipients: Vanessa Peralta, President; Purita Billedo; Elena Mangahas; Tess Caro; Peter Amendola; Fred Victorio; Joanna Buss; Julius Wilson; Alicia Santos; Marie Baybayan; Clara Rugnao; Pascua Dejesus; Gloria Nomura; Maryo Olandesca; Jeanette Cuthbert; Luz Cleofo; Revit Bautista

Vanessa Peralta, President, Rotary Club of Central Stockton - thanked Council; continued service in the community

10.3 PROCLAMATION - JUNE 2019 MENTAL HEALTH AWARENESS MONTH

Recipients: Kimberly Warmsley and Sammy Nunez

Kimberly Warmsley, Licensed Clinical Social Worker - led audience participation poll regarding awareness in community; strive to combat mental health trauma in Stockton

Valentino Silva - thanked Council

Sammy Nunez, Executive Director, Fathers and Families of San Joaquin, Stockton Trauma Recovery Center - thanked Council, community; impact of unresolved trauma

10.4 CERTIFICATE OF RECOGNITION - CITY OF STOCKTON
Steve Allen, Dean of Engineering and Computer Science, University of the Pacific (UOP) - recognized the City of Stockton as employer of UOP students

Recipients: Kaying Xiong, Information Technology; Makinde Falade, Community Development; Dennis Yep, Public Works; Thinh Phan, Public Works; Joshua Lewis, Public Works; Ariana Ayala, Community Development

Kaying Xiong, Information Technology Department: thanked City Manager, Council

11. CONSENT AGENDA

The following person(s) spoke to the Consent Agenda - Steven Turner

Approve the Consent Agenda with a single vote.

Moved by: Paul Canepa, seconded by Daniel Wright.

Vote: Motion carried 7-0

Yes: Jesus Andrade, Paul Canepa, Christina Fugazi, Sol Jobrack, Susan Lenz, Michael Tubbs, and Daniel Wright.

11.1 19-5541 APPROVAL OF CITY COUNCIL MINUTES

Motion 2019-06-19-1101 approving the minutes from the Special City Council meeting of April 30, 2019.

Legislation Text

2019-04-30 Minutes for Approval

11.2 19-5556 RATIFYING THE SAN JOAQUIN COUNCIL OF GOVERNMENTS' ANNUAL FINANCIAL PLAN FOR FISCAL YEAR 2019-20


Legislation Text

Attachment A - SJCOG FY 2019-20 Financial Plan Summary

11.3 19-5579 AUTHORIZE FIVE-YEAR CONTRACT FOR INTERNAL AUDIT SERVICES

Motion 2019-06-18-1103:

1. Awarding a Professional Services Contract to Moss Adams, LLC (Moss Adams) to provide Internal Audit Services.

2. Approving findings pursuant to Stockton Municipal Code section 3.68.070 in support of an exception to the competitive bidding process.
Authorizing the City Manager to take appropriate and necessary actions to carry out the purpose and intent of this motion.

Legislation Text

Attachment A - Standard Agreement Moss Adams

11.4 19-5483 APPROVE MOTION TO INCREASE EXPENDITURE AUTHORITY FOR RADIO COMMUNICATIONS SYSTEM MAINTENANCE, REPAIRS AND SUPPORT OF THE CURRENT PUBLIC SAFETY RADIO SYSTEM WITH DELTA WIRELESS, INC.

Motion 2019-06-18-1104:

1. Authorizing the City Manager to expend a total estimated amount of $1,558,826 beginning July 1, 2019 through June 30, 2022 for radio and infrastructure maintenance fees, non-covered repairs, and support services to Delta Wireless for the City's radio communication system;

2. Approving findings under Stockton Municipal Code section 3.68.070 in support of an exception to the competitive bid process; and

3. Authorizing the City Manager to take necessary and appropriate actions to carry out the purpose and the intent of this motion.

Legislation Text

Attachment A - Delta Wireless Contract for Fire Adtran Maintenance

Amendment B - Delta Wireless Contract for Radio Maintenance

Attachment C - Delta Wireless Radio Maintenance Contract Amendment

Amendment D - Delta Wireless Certification Letter

Attachment E - Delta Wireless Quotes

11.5 19-5346 APPROVE RESOLUTION TO AUTHORIZE THE PURCHASE OF MEMBRANE FILTERS FROM EVOQUA WATER TECHNOLOGIES, INC. FOR THE DELTA WATER TREATMENT PLANT, AMEND THE FISCAL YEAR 2018-19 ANNUAL BUDGET, AND ADOPT FINDINGS APPROVING AN EXCEPTION TO THE COMPETITIVE BIDDING PROCESS

Resolution 2019-06-18-1105:

1. Appropriating funds in the amount of $408,761 from the Water Utility Fund Balance account (421-0000-287) to the Delta Water Production Capital Outlay account (421-4234-606) for the Delta Water Treatment Plant.

2. Approving findings pursuant to Stockton Municipal Code (SMC) Section 3.68.070 for an exception to the competitive bidding process.

3. Authorizing the purchase of membrane filters from Evoqua Water Technologies, Inc.
4. Authorizing the City Manager to take all the necessary and appropriate actions to carry out the purpose and intent of this motion.

Legislation Text

Proposed Resolution - Evoqua Water Technologies

Exhibit 1 - Quote

Exhibit 2 - Purchase Order

Approved Resolution 2019-06-18-1105

11.6 19-5526 ADOPT A RESOLUTION APPROVING AN INDEPENDENT CONTRACTOR AGREEMENT BETWEEN SAN JOAQUIN COUNTY AND CITY OF STOCKTON FOR AB 109 FUNDING OF THE COMMUNITY CORRECTIONS PARTNERSHIP TASK FORCE, AND AMEND THE FISCAL YEAR 2019-20 ANNUAL BUDGET

Resolution 2019-06-18-1106:

1. Authorizing the City Manager to execute the Independent Contractor Agreement with San Joaquin County accepting AB 109 funding for the San Joaquin County Community Corrections Partnership Task Force;

2. Authorizing the City Manager to accept $1,225,763 in Fiscal Year (FY) 2019-20 Police Grant Funds as Fiscal Agent for the cities of San Joaquin County; and

3. Approving an amendment to the FY 2019-20 Annual Budget to increase the Police Grants and Special Programs San Joaquin County Community Corrections Partnership Task Force revenue estimates and expenditure appropriations by $1,225,763; and

4. Authorizing the City Manager to take all necessary and appropriate actions to carry out the purpose and intent of the resolution.

Legislation Text

Attachment A - Independent Contractor Agreement - San Joaquin County

Proposed Resolution - Fiscal Year 2019-20 CCP Task Force

Approved Resolution 2019-06-18-1106

11.7 19-5424 APPROVE RESOLUTION TO AUTHORIZE THE LOCAL STREET RESURFACING PROGRAM

Resolution 2019-06-18-1107:

1. Approving Notice of Exemption No. NOE05-19 under the California Environmental Quality Act for the Local Street Resurfacing Program FY 2018-19 SB1, Project No. PW1814.
2. Approving the plans and specifications for the Local Street Resurfacing Program FY 2018-19 SB1, Project No. PW1814.

3. Awarding a Construction Contract in the amount of $1,406,000 to VSS International, Inc., of West Sacramento, CA, for the Local Street Resurfacing Program FY 2018-19 SB1, Project No. PW1814.

Authorizing the City Manager to take appropriate and necessary actions to carry out the purpose and intent of this resolution.

Legislation Text

Attachment A - Vicinity Maps

Proposed Resolution - Local Street Resurfacing Program

Exhibit 1 - Notice of Exemption CE05-19

Exhibit 2 - Construction Contract with VSS International

Approved Resolution 2019-06-18-1107

11.8 19-5345 AMEND THE PROFESSIONAL SERVICES CONTRACT FOR SOLID WASTE AND RECYCLING DIVISION ASSISTANCE WITH HF&H CONSULTANTS, LLC TO ADD $105,000 FOR A REVISED TOTAL AMOUNT NOT TO EXCEED $359,975

Resolution 2019-06-18-1108:

1. Executing Amendment No. 3 to the Professional Services Contract with HF&H Consultants, LLC for Solid Waste and Recycling Division Assistance to increase the maximum compensation by $105,000, for a revised amount not to exceed $359,975.


3. Appropriating funds in the amount of $105,000 from Fund 047 - Solid Waste fund balance.

4. Approving findings that support an exception to the competitive bidding requirement pursuant to Stockton Municipal Code 3.68.070.

Authorizing the City Manager to take appropriate and necessary actions to carry out the purpose and intent of this resolution.

Legislation Text

Attachment A - Professional Services Contract

Attachment B - Amendment No. 1

Attachment C - Amendment No. 2
Proposed Resolution - HF and H Consultants LLC - Amendment No. 3

Exhibit 1 - Amendment No. 3

Approved Resolution 2019-06-18-1108

12. ADMINISTRATIVE MATTERS

None

13. UNFINISHED BUSINESS

None

14. NEW BUSINESS

14.1 19-5487 APPROVAL OF EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT WITH STOCKTON UNIFIED SCHOOL DISTRICT FOR THE POSSIBLE ACQUISITION AND DEVELOPMENT OF THE WASHINGTON STREET PROPERTIES

Legislation Text

Attachment A - Vicinity Map

Attachment B - Conceptual Rendering

Proposed Resolution - ENRA - SUSD - Washington Street

Exhibit 1 - ENRA - SUSD

Approved Resolution 2019-06-18-1401

PowerPoint presentation - Exclusive Negotiating Rights Agreement with Stockton Unified School District

Approve Resolution 2019-06-18-1401 approving an Exclusive Negotiating Rights Agreement between the City of Stockton and Stockton Unified School District for the possible acquisition of multiple City-owned properties located along Washington Street for the development of an administrative complex.

Moved by: Christina Fugazi, seconded by Daniel Wright.

Vote: Motion carried 7-0

Yes: Jesus Andrade, Paul Canepa, Christina Fugazi, Sol Jobrack, Susan Lenz, Michael Tubbs, and Daniel Wright.

14.2 19-5610 APPOINTMENTS TO THE STOCKTON CIVIL SERVICE/EQUAL EMPLOYMENT COMMISSION