City Council Agenda

City of Campbell, 70 N. First St., Campbell, California

NOTE: To protect our constituents, City officials, and City staff, the City requests all members of the public follow the guidance of the California Department of Health Services', and the County of Santa Clara Health Officer Order, to help control the spread of COVID-19. Additional information regarding COVID-19 is available on the City's website at www.campbellca.gov.

This Executive Session and Regular City Council meeting will be conducted via telecommunication and is compliant with provisions of the Brown Act and Executive Order N-29-20 issued by the Governor.

The following Councilmembers of the Campbell City Council are listed to permit them to appear electronically or telephonically at the Executive Session/Regular City Council meeting on April 21, 2020: Councilmember Rich Waterman, Councilmember Anne Bybee, Councilmember Paul Resnikoff, Vice Mayor Elizabeth "Liz" Gibbons, and Mayor Susan M. Landry.

Members of the public will not be able to attend meetings at the Campbell City Council Chamber physically. The City Council meeting will be live-streamed on Channel 26, the City's website, and YouTube (https://www.youtube.com/user/CityofCampbell).

Public comment for the City Council meetings will be accepted via email at ClerksOffice@campbellca.gov during the meeting, prior to the close of public comment on an item. Please note that the City cannot guarantee that any emails sent during the meeting will be received by the close of the public comment, so to ensure Council's consideration, it is recommended that all comments be submitted prior to the meeting. If you choose to email your comments during the meeting, please indicate in the subject line "FOR PUBLIC COMMENT" and list the item number(s) you wish to comment on. Comments will be read during the comment period for the item and will be subject to the two-minute time limitation (approximately 250 words). Written comments received by 5:00 p.m. on the day of the meeting will be posted on the website and distributed to the Council before the meeting.

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CITY COUNCIL EXECUTIVE SESSION
Tuesday, April 21, 2020 – 6:30 p.m.
City Hall – 70 N. First Street

A. **Personnel –** Pursuant to G.C. Section 54957: Public Employee Performance Evaluation – City Clerk

B. **Litigation - CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION** - Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: (One claim)

CONFERENCE WITH LEGAL COUNSEL — ANTICIPATED LITIGATION - Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (One case)

C. Real Property

D. Labor Negotiations - Pursuant to G.C. Section 54957.6: Conference with Labor Negotiator - Agency Designated Representatives: City Clerk Performance/Compensation Subcommittee Members Anne Bybee and Susan M. Landry
Unrepresented Employee: City Clerk

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REGULAR MEETING OF THE CAMPBELL CITY COUNCIL
Tuesday, April 21, 2020 7:30 p.m.
City Hall Council Chamber – 70 N. First Street

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

SPECIAL PRESENTATIONS AND PROCLAMATIONS

1. **Proclamation Declaring April 24, 2020, as "Arbor Day" in the City of Campbell**
   Recommended Action: It is recommended that the City Council proclaim April 24, 2020, as "Arbor Day" in the City of Campbell.

COMMUNICATIONS AND PETITIONS

ORAL REQUESTS

NOTE: This portion of the meeting is reserved for persons wishing to address the City Council on any matter, not on the agenda. The law generally prohibits the Council from discussing or taking action on such items. However, the Council may instruct staff accordingly regarding Oral Requests.

Persons wishing to address the Council are requested to email their comments to the City Clerk at ClerksOffice@campbellca.gov prior to the close of Oral Requests. Please note that the City cannot guarantee that any emails sent during the meeting will be received by the close of the Oral Request period, so to ensure Council's consideration, it is recommended that all comments be submitted prior to the meeting. Please indicate in the subject line "FOR ORAL REQUEST" and indicate if you would like your comments to be read during the Oral Request portion of the meeting. All comments read during the meeting will be subject to the two-minute time limitation (approximately 250 words). Written comments received by 5:00 p.m. on the day of the meeting will be posted on the website and distributed to the Council before the meeting.

COUNCIL ANNOUNCEMENTS

CONSENT CALENDAR

2. **Minutes of City Council Regular Meeting of April 7, 2020**
   Recommended Action: Approve the regular meeting minutes of April 7, 2020.

3. **Approving Bills and Claims**
   Recommended Action: Approve the bills and claims in the amount of $282,243.05

4. **Accept Donation to Campbell Recreation Program (Resolution/Roll Call Vote)**
   Recommended Action: That the City Council adopt a resolution to accept a donation of $700 from Classic Car Wash to help support recreation programming and approve the associated budget appropriations.

5. **Approval of a Resolution Authorizing the Award of a Financial Audit Services Contract for Fiscal Year Ending June 30, 2020 through June 30, 2022, with an Option to Extend for an Additional Two Years through Fiscal Year Ending June 30, 2024 (Resolution/Roll Call Vote)**
   Recommended Action: It is recommended that the City Council adopt the attached resolution: (1) authorizing the award of a professional audit services contract to Eide Bailly LLP and (2) authorizing the City Manager to negotiate and execute a contract for professional audit services for an initial three (3) year period with an option to extend for an additional two (2) years in an aggregate amount not to exceed $288,825 for the five year period.

6. **Water Tower Lighting for COVID-19.
   Recommended Action: That the City Council light the water tower blue on Sundays for the duration of the shelter in place order issued by the Santa Clara County Health Officer for COVID-19.

PUBLIC HEARINGS AND INTRODUCTION OF ORDINANCES

NEW BUSINESS

7. **Receive an Update on Initial Fiscal and Budgetary Impacts Due to COVID-19 and Provide Staff with Feedback Regarding Recommended Strategies in Fiscal Year (FY) 2019-20 and FY 2020-21 to Address Those Impacts**
   Recommended Action: That the City Council receive an update on the initial fiscal and budgetary impacts due to COVID-19 and provide staff with feedback regarding recommended strategies in Fiscal Year (FY) 2019-20 and FY 2020-21 to address those impacts.

COUNCIL COMMITTEE REPORTS

8. **Council Committee Reports**
   Recommended Action: Report on committee assignments and general comments.

ADJOURN

IMPORTANT NOTICE: **Materials related to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection with the agenda packet in the lobby of City Clerk's Office, 70 N. First Street, Campbell, CA 95008, during normal business hours. These materials will also be available on the City website at https://www.ci.campbell.ca.us/agendacenter with the agenda packet following the last item of the agenda, subject to staff's ability to post the documents prior to the meeting. All documents not posted prior to the meeting will be posted on the next business day.**

Pursuant to the Executive Order, and in compliance with the Americans with Disabilities Act, if you need special assistance to participate in the Council meeting, please contact the City Clerk's Office at ClerksOffice@campbellca.gov or at (408) 866-2117 48 hours before the meeting.

****This agenda was revised April 17, 2020 to include the addition of Item 6.**

City Council Report

Item: 1
Category: SPECIAL PRESENTATIONS AND PROCLAMATIONS
Meeting Date: April 21, 2020

TITLE: **Proclamation Declaring April 24, 2020 as "Arbor Day" in the City of Campbell**

RECOMMENDED ACTION

It is recommended that the City Council proclaim April 24, 2020, as “Arbor Day” in the City of Campbell.

BACKGROUND

On April 10, 1872, journalist and newspaper editor J. Sterling Morton established Arbor Day in the state of Nebraska with hopes that it would spread across the country. This first Arbor Day challenged the people of Nebraska who were pioneers and missed the trees and forests of the east. The challenge was to plant as many trees as they possibly could. The citizens of Nebraska answered the challenge by planting more than one million trees that first Arbor Day. During the 1870s, other states passed legislation to observe Arbor Day, and the tradition began in schools nationwide in 1882. Arbor Day is a day in which individuals and groups are encouraged to plant and care for trees.

Trees provide vital protection for the earth’s topsoil from erosion, oxygen, and homes for wildlife. They also are a renewable resource that provides a variety of materials for building, fuel, and office supplies. They beautify our environment, provide shade on a sunny day, and improve our quality of life. National Arbor Day celebrates all these things and encourages American generations to enjoy and care for their natural environment.

DISCUSSION

National Arbor Day falls on the last Friday in April. Many states also have their own unique Arbor Day designations. The State of California usually designates an entire week in March to celebrate Arbor Day. For 2020, the state is recognizing the entire week of March 7 through 14 as Arbor Day, leaving it to individual agencies to select a more specific date for their Arbor Day celebration events.

The City of Campbell has been declared a “Tree City USA” by the National Arbor Day Foundation each year since 1982. For the past 37 years, the City has earned its

eligibility for the recognition by meeting the foundation's requirements for a "Tree City" status. To receive the award, a city must:

Have a tree protection ordinance
Have a tree board or department
Have a comprehensive community forest program; and
Observe Arbor Day

The City of Campbell will be observing Arbor Day this year in conjunction with the federal celebration on the last Friday in April. This proclamation would designate April 24, 2020, as "Arbor Day" in the City of Campbell. While it has become customary for the City to also host a tree planting event in conjunction with the Arbor Day observance, this year, the event must be postponed due to the COVID-19 pandemic and the corresponding shelter-in-place order. The City's tree planting event will be held at the Campbell Community Center later on in the year, on a date yet to be determined. Staff will send out an informational item over social media on April 24th, recognizing Arbor Day.

FISCAL IMPACT

There is no fiscal impact associated with this action

Prepared by:

Alex Mordwinow, Public Works Superintendent

Reviewed by:

Todd Capurso, Director of Public Works

Approved by:

Brian Loventhal, City Manager

Attachment:

a. Proclamation

PROCLAMATION
OF THE
MAYOR OF THE CITY OF CAMPBELL

WHEREAS, in 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees; and

WHEREAS, this holiday, called Arbor Day, was first observed with the planting of more then a million trees in Nebraska; and

WHEREAS, Arbor Day is now observed throughout the nation and the world; and

WHEREAS, trees can reduce the erosion of our precious topsoil by wind and water, cut heating and cooling costs, moderate the temperature, clean the air, produce oxygen, and provide habitat for wildlife; and

WHEREAS, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products; and

WHEREAS, trees in our city increase property values, enhance the economic vitality of business areas and beautify our community; and

WHEREAS, trees are a source of joy and spiritual renewal; and

WHEREAS, the Federal Government has declared April 24 as National Arbor Day; and

WHEREAS, the City of Campbell is committed to growing and maintaining a vibrant Community Forest; and

WHEREAS, the City of Campbell has been recognized as a Tree City USA by The National Arbor Day Foundation and desires to continue its tree-caring ways.

NOW, THEREFORE, I, Susan M. Landry, Mayor of the City of Campbell, do hereby proclaim April 24, 2020, as **ARBOR DAY** in the City of Campbell, and I urge all citizens to support efforts to protect our trees and woodlands.

FURTHER, I urge all citizens to plant trees to gladden the heart and promote the well-being of this and future generations.

WITNESS MY HAND AND SEAL OF THE CITY OF CAMPBELL this 24th day of April 2020.

_____
Susan M. Landry
Mayor of the City of Campbell

CITY COUNCIL MINUTES

City of Campbell, 70 N. First St., Campbell, California

REGULAR MEETING OF THE CAMPBELL CITY COUNCIL
Tuesday, April 7, 2020 7:30 p.m.
City Hall Council Chamber – 70 N. First Street

This City Council meeting was conducted pursuant to the Governor's Executive Order N-29-20.

This meeting was recorded and can be viewed in its entirety at www.cityofcampbell.com/agendacenter.

CALL TO ORDER

The City Council of the City of Campbell convened on the regularly scheduled day of April 7, 2020, via video conference.

City Clerk Wood stated that the City Council meeting was conducted pursuant to provisions of the Brown Act and a recent Executive Order issued by the Governor to facilitate teleconferencing to reduce the risk of COVID-19 transmission at public meetings.

City Clerk Wood explained the process to provide public comment, stating that it will be accepted via email at ClerksOffice@campbellca.gov during the meeting, before the close of public comment on an item.

ROLL CALL

Attendee Name	Title	Status
Susan M. Landry	Mayor	Present
Elizabeth 'Liz' Gibbons	Vice Mayor	Present
Rich Waterman	Councilmember	Present
Anne Bybee	Councilmember	Present
Paul Resnikoff	Councilmember	Present

PLEDGE OF ALLEGIANCE

Mayor Landry led the Pledge of Allegiance.

SPECIAL PRESENTATIONS AND PROCLAMATIONS

There were no special presentations or proclamations.

COMMUNICATIONS AND PETITIONS

There were no communications or petitions.

ORAL REQUESTS

City Clerk Wood read an email submitted by Leslie Brown discussing concerns with the closure of the Farmers' Market.

City Clerk Wood stated that an email was submitted by Steve Saunders, who did not require it to be read for the record.

**All emails received were distributed to the City Council and posted with the agenda as desk items.

COUNCIL ANNOUNCEMENTS

Visit the City's website at www.campbellca.gov for resources and information to help residents during this pandemic.

The Santa Clara County website at www.sccgov.org has a COVID-19 link and Dashboard that is updated daily with current statistics.

Mayor Landry spoke about the importance of body and brain health and commented on ways to keep your brain stimulated and your body active.

211 is a nationwide service that provides resources on a large variety of topics to help residents. Information can be found by dialing 2-1-1 or visiting www.211bayarea.org/santaclara.

City Manager Loventhal stated that in response to COVID-19, the City created a webpage providing updates, information, and resources. He commented on the impacts of City services and highlighted the services the City is continuing to provide. He spoke about the City facilities that are closed to the public. He stated that the City had activated the Emergency Operations Action Plan and the impacts on employees. He commented on the financial impacts and the significant projects that continue to progress.

CONSENT CALENDAR

Mayor Landry asked if any Councilmember or anyone from the public wished to remove any item from the Consent Calendar.

Items three and four were pulled from the consent calendar.

The consent calendar was considered as follows:

1. **Minutes of City Council Regular Meeting of March 17, 2020**

Recommended Action: Approve the regular meeting minutes of March 17, 2020.

This action approves the regular meeting minutes of March 17, 2020.

2. **Approving Bills and Claims**
Recommended Action: Approve the bills and claims in the amount of $1,607,291.66.

This action approves the bills and claims in the amount of $1,607,291.66 as follows: bills and claims checks dated March 2, 2020, in the amount of $342,592.75; payroll checks dated March 5, 2020, in the amount of $81,327.82; bills and claims checks dated March 9, 2020, in the amount of $179,931.58; and bills and claims checks dated March 16, 2020, in the amount of $1,003,439.51.

5. **Accept a 2019 State Homeland Security Grant in the Amount of $102,000 to Purchase Regionally Shared Portable Security Equipment and Approve a Corresponding Budget Amendment (Resolution/Roll Call Vote)**
Recommended Action: It is recommended that the City Council adopt a resolution to accept a grant from the State Homeland Security Grant Program (SHSGP) in the amount of $102,000 to purchase regionally shared security barriers and bollards and approve a budget amendment increasing the appropriation in expenditure account 218.604.7884 by $102,000 and the revenue estimate in account 218.604.4523 by an offsetting amount of $102,000.

Resolution 12573 accepts a grant from the State Homeland Security Grant Program (SHSGP) in the amount of $102,000 to purchase regionally shared security barriers and bollards and approves a budget amendment increasing the appropriation in expenditure account 218.604.7884 by $102,000 and the revenue estimate in account 218.604.4523 by an offsetting amount of $102,000.

6. **Adopt a Resolution Authorizing the Use of FY20/21 RMRA/SB 1 Funds for the Annual Street Maintenance – Collector & Residential Street Resurfacing Project (Resolution/Roll Call Vote)**
Recommended Action: That the City Council adopt a resolution authorizing the use of FY20/21 Road Maintenance and Rehabilitation Account (RMRA) Funds for the Annual Street Maintenance - Collector & Residential Street Resurfacing Project.

Resolution 12574 authorizes the use of FY20/21 Road Maintenance and Rehabilitation Account (RMRA) Funds for the Annual Street Maintenance - Collector & Residential Street Resurfacing Project.

7. **Initiate Proceedings of the Campbell Lighting and Landscaping District, Fiscal Year 2020/21 (Resolution/Roll Call Vote)**
Recommended Action: That the City Council adopt a resolution initiating proceedings, describing the improvements, and directing staff to prepare the Engineer's Report for the Campbell Lighting and Landscaping Assessment

District for Fiscal Year 2020/21.

Resolution 12575 initiates proceedings, describes the improvements, and directs staff to prepare the Engineer's Report for the Campbell Lighting and Landscaping Assessment District for Fiscal Year 2020/21.

M/S: Resnikoff/Bybee – that the City Council approve the consent calendar with the exceptions of items three and four. The motion was adopted by the following roll call vote:

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Resnikoff
SECONDER:	Bybee
AYES:	Landry, Gibbons, Waterman, Bybee, Resnikoff

ITEMS PULLED FROM CONSENT

3. **Accept A Donation of $5,000.00 from Kaiser Permanente for 2020 Summer Concert Series and Approve a Corresponding Budget Amendment (Resolution/Roll Call Vote)**
Recommended Action: It is recommended that the City Council accept a donation of $5,000 from Kaiser Permanente for the 2020 Summer Concert Series and approve a budget amendment increasing the appropriation in expenditure account 101.527.7441 by $5,000 and the revenue estimate in account 101.527.4645 by an offsetting amount of $5,000.

Councilmember Resnikoff and Mayor Landry thanked Kaiser for their donation and all they are doing during the COVID-19 pandemic.

M/S: Resnikoff/Gibbons – that the City Council adopt Resolution 12576 accepting a donation of $5,000 from Kaiser Permanente for the 2020 Summer Concert Series and approving a budget amendment increasing the appropriation in expenditure account 101.527.7441 by $5,000 and the revenue estimate in account 101.527.4645 by an offsetting amount of $5,000. The motion was adopted by the following roll call vote:

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Resnikoff
SECONDER:	Gibbons
AYES:	Landry, Gibbons, Waterman, Bybee, Resnikoff

4. **Accept a Donation from the Downtown Campbell Business Association for Landscape Renovations (Resolution/Roll Call Vote)**
Recommended Action: It is recommended that the City Council adopt a resolution accepting a donation of $1,000 from the Downtown Campbell Business Association (DCBA) for the re-landscaping of the median island located at Civic Center Drive and Harrison Avenue.

Councilmember Resnikoff thanked the Downtown Campbell Business Association for their donation and all they are doing during the COVID-19 pandemic.

Councilmember Waterman spoke about the importance of economic development and supporting downtown restaurants.

M/S: Resnikoff/Gibbons - that the City Council adopt Resolution 12577 accepting a donation of $1,000 from the Downtown Campbell Business Association (DCBA) for the re-landscaping of the median island located at Civic Center Drive and Harrison Avenue. The motion was adopted by the following roll call vote:

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Resnikoff
SECONDER:	Gibbons
AYES:	Landry, Gibbons, Waterman, Bybee, Resnikoff

PUBLIC HEARINGS AND INTRODUCTION OF ORDINANCES

There were no agendized items.

NEW BUSINESS

There were no agendized items.

COUNCIL COMMITTEE REPORTS

6. **Council Committee Reports**
Recommended Action: Report on committee assignments and general comments.

--Vice Mayor Gibbons attended the Silicon Valley Clean Energy Executive Board meeting; spoke about the upcoming Association of Bay Area Governments (ABAG) meeting; spoke about conference calls with the Santa Clara County Department of Health; attended the Santa Clara County CDBG meeting; spoke about working with Campbell businesses and that information can be found on the City and Chamber of Commerce websites.

--Mayor Landry spoke about Congresswoman Eshoo's Tele-Town Hall Meetings; and spoke about the upcoming Association of Bay Area Governments (ABAG) meeting.

--Councilmember Bybee acknowledged the work that Dr. Cody, MD of the Santa Clara Public Health Department are doing during the COVID-19 pandemic; thanked City staff for all their efforts during the pandemic; spoke about the

Downtown Campbell Business Association (DCBA) and the Campbell Chamber of Commerce and encouraged residents to support local businesses.

Mayor Landry recognized City staff for all the additional work they have been doing during the pandemic.

Vice Mayor Gibbons provided a reminder to complete the 2020 Census.

Mayor Landry spoke about the American Red Cross needing blood donations.

ADJOURN

Mayor Landry adjourned the meeting at 8:10 p.m.

APPROVED:

ATTEST:

Susan M. Landry, Mayor

Andrea Sanders, Deputy City Clerk

City Council Report

Item: 3
Category: CONSENT CALENDAR
Meeting Date: April 21, 2020

TITLE: **Approving Bills and Claims**

RECOMMENDED ACTION

Approve the bills and claims in the amount of $282,243.05

DISCUSSION

The bills and claims that have been audited and approved by staff for payments made as noted below:

Type	Check Date	Amount
Payroll	March 19, 2020	$34,392.86
Bills & Claims	March 23, 2020	$100,306.10
Bills & Claims	March 30, 2020	$147,544.09
	Total	**$282,243.05**

FISCAL IMPACT

Adequate funding was available to cover all expenses as listed.

Prepared by: _____
Roberto Garcia-Acosta, Accounting Clerk II

Reviewed by: _____
Norite Vong, Finance Manager

Approved by: _____

Brian Loventhal, City Manager

City Council Report

Item: 4
Category: CONSENT CALENDAR
Meeting Date: April 21, 2020

TITLE: **Accept Donation to Campbell Recreation Program (Resolution/Roll Call Vote)**

RECOMMENDED ACTION

That the City Council adopt a resolution to accept a donation of $700 from Classic Car Wash to help support recreation programming and approve the associated budget appropriations.

BACKGROUND

Classic Car Wash has donated a check in the amount of $700.00 to the City of Campbell with the intention that the funds be used to support the Campbell Recreation Youth Basketball League.

DISCUSSION

The City of Campbell Recreation hosts the Campbell Youth Basketball League each year. This program is a great community event, attracting nearly 300 youth, 60 adult volunteer coaches, and families to the Campbell Community Center each week during the league season.

Classic Car Wash has donated $700 to help offset to cost of youth basketball jerseys for the league. The Recreation and Community Services Department is appreciative of the donation, which will be used to enhance this current recreation program and offset costs.

FISCAL IMPACT

This donation partially offsets the cost of Youth Basketball League uniforms. In addition to formally accepting the donation, staff requests that Council approve a Fiscal Year (FY) 2019-20 budget appropriations increase of $700 to General Fund account 101.531.7441 offset by a revenue estimate increase of $700 to General Fund account 101.531.4613. Acceptance of the donation and approval of the accompanying budget adjustments are cost-neutral.

Prepared by:

Aaron Bueno, Recreation Supervisor

Reviewed by:

Natasha Bissell, Recreation Services Manager

Approved by:

Brian Loventhal, City Manager

Attachment:

a. Resolution- Classic Car Wash Donation

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL ACCEPTING A DONATION FROM CLASSIC CAR WASH FOR THE CAMPBELL YOUTH BASKETBALL LEAGUE IN THE AMOUNT OF $700 AND APPROVE A CORRESPONDING BUDGET AMENDMENT

WHEREAS, Classic Car Wash has donated a check in the amount of $700.00 to the City of Campbell with the intention that the funds be used to support the Campbell Recreation Youth Basketball League; and

WHEREAS, the Campbell Youth Basketball League attracts nearly 300 youth, 60 adult volunteer coaches, and families to the Community Center; and

WHEREAS, Classic Car Wash has significantly contributed toward the cost of the Youth Basketball League uniforms for over thirty years; and

WHEREAS, this donation partially offsets the cost of providing the youth with league uniforms; and

NOW, THEREFORE, BE IT RESOLVED that the City Council accept the donation of $700 and approve a Fiscal Year (FY) 2019-20 budget appropriations increase of $700 to General Fund account 101.531.7441 offset by a revenue estimate increase of $700 to General Fund account 101.531.4613.

PASSED AND ADOPTED this 21st day of April 2020, by the following roll call vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:

APPROVED:

_____
Susan M. Landry, Mayor

ATTEST:

_____
Wendy Wood, City Clerk

City Council Report

Item: 5
Category: CONSENT CALENDAR
Meeting Date: April 21, 2020

TITLE: **Approval of a Resolution Authorizing the Award of a Financial Audit Services Contract for Fiscal Year Ending June 30, 2020 through June 30, 2022, with an Option to Extend for an Additional Two Years through Fiscal Year Ending June 30, 2024 (Resolution/Roll Call Vote)**

RECOMMENDED ACTION

It is recommended that the City Council adopt the attached resolution: (1) authorizing the award of a professional audit services contract to Eide Bailly LLP and (2) authorizing the City Manager to negotiate and execute a contract for professional audit services for an initial three (3) year period with an option to extend for an additional two (2) years in an aggregate amount not to exceed $288,825 for the five year period.

BACKGROUND

City policy requires an annual financial audit by an independent auditing firm. With respect to procuring and maintaining the services of an independent auditor, Administrative Policies and Procedures Manual, Financial Policies, Section VIII (H) states that: “The City will solicit an RFP for audit services no less frequently than every five (5) years. Additionally, an audit firm may be retained for a maximum of two (2) consecutive five-year terms. The Council Finance Committee, City Manager, and Finance Director will review the qualifications of prospective firms and make a recommendation to the City Council.”

The current City audit contract with White Nelson Diehl Evans LLP (WNDE) of Irvine, CA, was issued in June 2013 for three (3) years with an option to extend for an additional two (2) years. The City exercised the two-year extension option, and the contract expired with the completion of the audit for Fiscal Year ending June 30, 2017. However, due to the significant staff turnover within the Finance Department, the contract was extended for two (2) additional years through the completion of the audit for Fiscal Year ending June 30, 2019. Staffing levels in the Finance Department have stabilized over the past year. Per City Policy and Government Finance Officers Association (GFOA) best practice to be discussed below, staff recommended and received City Council authorization on November 5, 2019, to issue an RFP for financial audit services. Staff subsequently issued the RFP (Attachment B) on November 6, 2019, for the Fiscal Years ending June 30, 2020, through June 30, 2022, with the option for a two-year extension through the audit for Fiscal Year ending June 30, 2024.

DISCUSSION

GFOA recommends that governmental entities should enter into multiyear agreements of at least five (5) years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year. During the first one to two years of a new audit engagement, significant time is spent by the audit firm learning about the City's operations. Conversely, during this period, significant time is also spent by City staff adjusting to the new firm's audit approach, staff, and requirements.

Furthermore, the GFOA recommends that governmental entities should undertake a full-scale competitive process such as an RFP for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. While there is some belief that auditor independence is enhanced by a policy requiring that the independent audit firm be replaced at the end of each multiyear agreement. Unfortunately, the frequent lack of competition of audit firms fully qualified to perform public-sector audits could make a policy of mandatory audit firm rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory. Where audit firm rotation does not result from this process, governments may consider requesting that senior engagement staff, such as engagement partners and senior managers, be rotated to provide a fresh perspective. Lead auditor rotation every six (6) fiscal years is required by California Assembly Bill (AB) No. 1345, Section 12410.6(b).

It should be noted that the City's current audit firm, WNDE, has performed satisfactory work during the past seven (7) years. Under the City's current policy, the firm would be able to bid for another contract as long as the contract term was for no more than (3) years, and the firm also complied with all requirements of AB No. 1345. This would not automatically guarantee their renewal, as staff would consider the qualifications and pricing of all bidders.

In regard to pricing, the GFOA recommends that the audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. Price should not be allowed to serve as the sole criterion for the selection of an independent auditor; rather, an independent auditor should have a demonstrated commitment to the state and local government audit practice.

<u>Audit Firm Proposal Process</u>

To adhere to City policy and recommended best practice from GFOA, and with City

Council authorization, City staff issued an RFP for financial audit services on November 6, 2019.

Within the RFP, staff requested a technical and cost proposal for the following deliverables:

1. City Financial Audit and Related Reports
2. Gann Limit Review Report
3. Single Audit and Related Reports
4. Measure O Examination Report
5. West Valley Solid Waste Management Authority (JPA) Audit and Related Reports
6. TDA Article 3 Audit and Related Reports
7. State Controller's Office (SCO) Annual Financial Transactions Report
8. SCO Annual Streets Report
9. Governmental Accounting Standards Board (GASB) 68 Assistance

Proposals were solicited from 58 local and regional firms across California, including the City's current audit firm, WDNE. A total of ten proposals were received from the following firms:

- Badawi & Associates
- Brown Armstrong Accountancy Corporation
- Chavan & Associates LLP
- Davis Farr LLP
- Eide Bailly LLP
- JJACPA, Inc.
- Moss, Levy & Hartzheim LLP
- Mann, Urrutia, Nelson (MUN) CPAs & Associates LLC
- The Pun Group LLP
- White Nelson Diehl Evans (WNDE) LLP

The remaining 48 firms solicited were non-responsive or declined due to various restrictions.

The Finance Director and Finance Manager reviewed the technical and cost proposals of each firm and determined Badawi & Associates, Eide Bailly LLP, and The Pun Group LLP were the top three (3). This determination was based on each firm's experience with comparable government engagements, quality of work, stability, locality, size, staff training offerings, proposed cost, firm depth of resources, and ability to meet the City's needs. After formal interviews and reference checks were conducted by the Finance Director, Finance Manager, and Accountant, staff eliminated Badawi & Associates from further consideration due to a lack of depth and limited staffing resources in comparison to Eide Bailly LLP and the Pun Group LLP.

The remaining two firms' five-year cost proposals for base and optional services are as

follows: Eide Bailly LLP - $288,825 and The Pun Group LLP - $329,167. In year one of the engagement (FY 2020-21), Eide Bailly's total costs would equal $55,500, and The Pun Group's total costs would equal $62,000. For reference, the City's budget for audit services in FY 2019-20 is $63,240. Staff expects to use both base and optional services in year one but may take on some or all optional services internally in the future as staffing knowledge, capabilities, and capacity are developed. This could reduce ongoing annual costs by as much as $7,000 to $11,000. Technical and cost proposals from both firms are included as attachments (Attachment C through F).

Eide Bailly [formerly Vavrinek, Trine, Day (VTD), & Co., LLP] is a top 25 CPA firm with offices in 15 states and over 2,500 audit professionals. Their local office is located in Palo Alto. The firm has 275 full-time professionals in their government practice, with more than 900 governmental clients nationwide. Some of the firm's more recent Bay Area clients include the City of Alameda, Brentwood, Concord, Los Altos, Monte Sereno, Pleasanton, San Leandro, San Ramon, Santa Clara, and Saratoga. They have extensive experience in the industry and are involved in organizations associated with governmental entities such as the American Institute of CPAs (AICPA) and GFOA.

The Pun Group is a well-established regional firm founded in 2012, based out of Orange County in Southern California. Their local office is located in Walnut Creek. The firm has 40 audit professionals, 35 of which are part of their governmental division. Their most recent Bay Area clients include the Town of Danville, the Alameda County Water District, and the Menlo Park Fire Protection District.

Recommendation for Audit Firm Selection

While both firms are well suited to service the City, staff recommends the selection of Eide Bailly LLP as the City's next audit firm. This recommendation is due to the overall fit for the City's needs, depth of resources, quality of the technical proposal, stellar client references, professional reputation, and lower proposed cost.

Finance Sub-Committee Meeting

The progress of the auditing services RFP was presented by Norite Vong, Finance Manager for the City of Campbell, and was discussed with the City's Finance Sub-Committee on April 13, 2020. The Sub-Committee reviewed the technical and cost proposals of Eide Bailly LLP and the Pun Group. They asked various questions regarding audit firm staffing and availability, the Measure O examination report, potential extension with WNDE, and additional consulting services each firm can provide as necessary.

The Sub-Committee was satisfied with the presentation and the answers provided by staff. They recommend the City Council award the audit services contract to the firm of Eide Bailly LLP and authorize the City Manager to negotiate and execute a contract with this firm not to exceed $288,825 for an initial three-year term with an option to extend for two additional years.

FISCAL IMPACT

An agreement for professional audit services with Eide Bailly LLP will cost the City $55,500 in year one (FY 2020-21). Although year one services are to provide a professional audit for FY 2019-20, these costs will not be incurred until FY 2020-21. They will be built into the Proposed FY 2020-21 Operating Budget to be considered by City Council in June 2020. Anticipated year one costs are less than the City's current professional audit costs of $63,240 in FY 2019-20 but could increase to $60,075 by the end of a five-year agreement with Eide Bailly LLP.

ALTERNATIVES

1. Award audit services contract to the Pun Group;
2. Extend audit services contract with current audit firm, WDNE, for an additional year;
3. Provide other direction to staff.

Prepared by: _____
Norite Vong, Finance Manager

Reviewed by: _____
Will Fuentes, Finance Director

Approved by: _____
Brian Loventhal, City Manager

Attachment:

a. Resolution Approving Authorization to Award Financial Audit Services Contract
b. Financial Audit Services RFP - Issued 11.06.19
c. Eide Bailly LLP - Technical Proposal
d. Eide Bailly LLP - Cost Proposal

e. The Pun Group LLP - Technical Proposal
f. The Pun Group LLP - Cost Proposal

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL AUTHORIZING THE AWARD OF A CONTRACT FOR FINANCIAL AUDIT SERVICES

WHEREAS, the City Council of the City of Campbell has reviewed proposals for Financial Audit Services for the fiscal years ending June 30, 2020, through June 30, 2024, and;

WHEREAS, City staff has reviewed the qualifications and experience of the firms submitting proposals and has determined that the audit firm of Eide Bailly LLP best meets the requirements of the City's RFP dated November 6, 2019, and;

WHEREAS, Eide Bailly LLP submitted its last, best, and final offer in the following amounts: not to exceed $55,500 for FY 19/20, $56,610 for FY 20/21, $57,742 for FY 21/22, $58,898 for FY 22/23 and $60,075 for FY 23/24, for a total five year contract not to exceed $288,825.

NOW, THEREFORE BE IT RESOLVED that the proposal for financial audit services with Eide Bailly LLP be approved, and

BE IT FURTHER RESOLVED, that the City Manager is directed to negotiate and execute a three-year contract with said firm with an option to extend an additional two years for a total of five years.

PASSED AND ADOPTED, this 21th day of April, 2020, by the City Council of the City of Campbell, California, as follows:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:

APPROVED:

_____
Susan M. Landry, Mayor

ATTEST:

_____
Wendy Wood, City Clerk

REQUEST FOR PROPOSALS (RFP)

Financial Auditing Services

RFP Release Date
November 6, 2019

Proposal Submittal Deadline
January 6, 2020 - 4:00 p.m.
(Pacific Time)

Contact Person: Norite Vong
Finance Manager
City of Campbell
70 N. First Street
Campbell, CA 95008
(408) 866-2112

noritev@campbellca.gov

Attachment: Financial Audit Services RFP - Issued 11.06.19 (Resolution Approving Authorization to Award Financial Audit Services Contract

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REQUEST FOR PROPOSALS

Financial Auditing Services

The City is issuing this Request for Proposals ("RFP") for preparation of **Financial Audit Services.**

Consultants are solely responsible for ensuring proposals are received by the City on or before the submittal deadline. Proposals must be received (physically) no later than **4:00 p.m. Pacific Time, on Monday, January 6, 2020**, at the following address:

Office of the City Clerk, City of Campbell
Attn: Norite Vong
Finance Manager
70 N. First Street
Campbell, CA 95008

An original copy must be signed by a representative authorized to bind the company. Proposals submitted by e-mail are not acceptable and will not be considered. **The original signed proposal and four (4) duplicates are to be submitted in sealed packages with the name of the Consultant and RFP title clearly marked on the outside of the package**.

Failure to comply with the requirements set forth in this RFP may result in disqualification. Proposals and/or modifications received subsequent to the hour and date specified above will not be accepted. Submitted proposals may be withdrawn at any time prior to the submission time specified in this RFP, provided notification is received in writing before the submittal deadline. No handwritten notations or corrections will be allowed. The responding Consultant is solely responsible for all costs related to the preparation of the proposal.

The City reserves the right to reject all proposals and to waive any minor informalities or irregularities contained in any proposal. Acceptance of any proposal submitted pursuant to this RFP shall not constitute any implied intent to enter into a contract.

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

The City reserves the right to retain all proposals submitted and to use any idea(s) in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in the request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Campbell and the firm selected.

The contract award, if any, will be made to the Consultant who, in the City's sole discretion, is best able to perform the required services in a manner most beneficial to the City. Please submit all inquiries to noritev@campbellca.gov or via phone to Norite Vong at (408) 866-2112.

I. Proposal and Project Schedule

Below is a desired schedule for initiation of this project; however, dates may be subject to change and adjusted as necessary.

RFP Issued	November 6, 2019
Request for Clarifications Due	November 18, 2019
Clarification Responses Provided	December 6, 2019
Proposal Submittal Deadline	January 6, 2020 (by 4pm)
Interviews with City Staff	TBD - February 2020
Finance Sub-Committee Review	TBD - February 2020
Contract awarded by either City Manager or City Council	March 3, 2020
Interim Audit	TBD - June/July 2020
Final Audit	TBD - October 2020
CAFR, Single Audit Report, and Other Reports	December 4, 2020

II. Background

A. Government Information

The City of Campbell is located in the West Valley area of Santa Clara County and encompasses 6.35 square miles. The City was founded in 1887, and incorporated in 1952 as a general law city. As of January 1, 2019, the City's population was 43,250. Campbell operates under a Council/Manager form of government and is organized into six departments - City Administration, Recreation and Community Services, Finance, Community Development, Police, and Public Works. Fire services are provided by contract with the Santa Clara County Fire Department. The City provides library, animal control, solid waste collection and recycling, and storm water management via Joint Powers Agreements (JPA's).

On November 6, 2018, City of Campbell voters approved Measure O with a 'Yes' vote of 69.5% by the citizens that voted in the General Election. Bonds issued pursuant to Measure O will generate approximately $50 million to construct and/or renovate City facilities to house Police and Library services. The Measure O Oversight Committee is responsible for reviewing and reporting on the expenditure of the proceeds of the Bonds. A separate account shall be created and held by the City, into which the proceeds of the Bonds are deposited and applied solely for the purpose of financing Improvements. The Finance Director of the City shall file a report with the City Council at least annually showing the amount of Bond proceeds collected and expended, and the status of improvements.

The City's fiscal year begins on July 1 and ends on June 30. The City's 2019-20 adopted General Fund budget is $56.2 million, and the total City budget is $79.4 million. The City's primary sources of revenue for the General Fund are from property tax, sales tax, and other taxes such as franchise, transient occupancy and business license fees. To view the City's current fiscal year budget, visit the following web address: https://www.ci.campbell.ca.us/Budget2020

The City last completed a financial audit for the Fiscal Year Ending June 30, 2018 and is currently in the process of completing a financial audit for the Fiscal Year Ending June 30, 2019. To view the City's current Comprehensive Annual Financial Report (CAFR), visit the following web address:
https://www.ci.campbell.ca.us/FY18CAFR

B. Fund Structure

The City of Campbell uses the following fund types and account groups in its financial reporting:

Fund Type/Account Group	# of Funds
General	1
Special Revenue Funds	17
Debt Service Funds	2
Capital Projects Funds	2
Internal Service Funds	3
Fiduciary Funds	4
TOTAL FUNDS	***29***

C. Component Units

The City is defined, for financial reporting purposes, in conformity with the Governmental Accepting Standards Board's *Codification Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are included in the City's financial statements.

The management of the City identified the following component unit (with fiscal year ending June 30) for inclusion in the City's financial statements:

City of Campbell Lighting and Landscape District

This component unit is to be audited as a special revenue fund of the City's financial statements. No separate financial statements are required.

The City became the Successor Agency to the former Community Redevelopment Agency. The Successor Agency is defined as a private-purpose trust fund and shall be part of the audit of the City's financial statements

D. Magnitude of Finance Operations

The Finance Department is headed by Will Fuentes, Director of Finance and consists of 8.8 full-time equivalent (FTE) positions. The principal functions performed and the number of employees assigned to each are as follows:

Function	# of FTEs
Accounting/Finance	3.0
Accounts Payable	1.0
Accounts Receivable	1.0
Payroll	1.0
Administrative/Risk Management	1.8
Cashiering	1.0
TOTAL FTEs	***8.80***

E. Computer Systems

The City's computerized systems are run on a Local Area Network (LAN). The accounting functions are computerized using CentralSquare eFinance/eCommunity Plus software on a cloud-based platform. The applications operating on this system are general ledger, accounts payable, purchasing, payroll, human resources, fixed assets, cash receipts, business licensing and miscellaneous billing.

F. Availability of Prior Reports and Work Papers

White Nelson Diehl Evans LLP (WNDE) of Irvine, CA conducted the City's most recent audit as well as all audits from the fiscal year ended June 30, 2013. The work papers of the previous audits are the property of the previous auditor and can be reviewed by the successful Proposer. The following financial statements or reports were prepared by and/or audited by WNDE for the fiscal year ended June 30, 2018:

1. City of Campbell Comprehensive Annual Financial Report
2. West Valley Solid Waste Management Authority Basic Financial Statements
3. Proposition 4 / Gann Spending Limit
4. Single Audit Report on Federal Awards
5. Transportation Development Act (TDA) Article 3 Grant

To view the City's current Comprehensive Annual Financial Report (CAFR), visit the following web address:
https://www.ci.campbell.ca.us/FY18CAFR

III. Objective

The City of Campbell is requesting proposals from qualified certified public accountant firms to audit its financial statements for the three (3) fiscal years beginning with the fiscal year ending June 30, 2020, with the option of auditing its financial statements for each of the two (2) subsequent fiscal years, in addition to performing other financial audits and reviews as specified below. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in U. S. General Accounting Office's *Government Auditing Standards (2018)*, the provisions of the Single Audit Act of 1984, as Amended in 1996, and Title 2 of the Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as well as any other applicable federal, state, local or programmatic audit requirements.

IV. Scope of Services

The City of Campbell desires a Comprehensive Annual Financial Report (CAFR) to be prepared by the independent auditor and be fully compliant with Generally Accepted Accounting Principles for the fiscal year ended June 30, 2020 and each of the subsequent years, June 30, 2021 and 2022 of the audit firm's contract with the City. The City plans to submit the CAFR to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program.

The selected independent auditor will be required to perform the following tasks. Please note that items at the end of this section are optional items which should be presented as separate line items in submitted Cost Proposal:

1. The audit firm will perform an audit of all funds of the City of Campbell. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States. **The City's Comprehensive Annual Financial Report (CAFR) will be prepared and word processed by the audit firm and assembled digitally in Adobe Acrobat format (PDF)**. The CAFR will comply with the latest required GASB Statements applicable for the year under audit. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements

and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the City.

2. The audit firm may perform a single audit on the expenditures of federal grants in accordance with Uniform Guidance as well as any other applicable federal, state, local or programmatic audit requirements and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with Uniform Guidance as well as any other applicable federal, state, local or programmatic audit requirements. The single audit report will include the appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required. If the City does not meet the minimum requirements to necessitate a single audit, the fees shall be adjusted accordingly. The City did not exceed the $750,000 expenditure threshold in fiscal year 2018-19.

3. The audit firm shall perform agreed-upon auditing procedures pertaining to the City's Gann Limit (Appropriations Limit) and render a letter annually to the City regarding compliance.

4. The audit firm shall issue letters required by the Statement on Auditing Standards 114 and 115 and any future required standards that includes identification of the most sensitive disclosures affecting the financial statements and recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the City Council.

5. The audit firm will issue an examination report on management's assertion regarding compliance with Measure O each fiscal year. The audit firm will be provided with a "Schedule of Measure O Revenues and Expenditures for the Fiscal Year" ("Schedule"). The audit firm shall: 1) obtain supporting documentation for all amounts listed on the Schedule; 2) verify that the amounts and descriptions agree to the underlying accounting records and supporting documentation; 3) provide a written report on or before December 5th; and 4) provide an oral report to the Measure O Advisory Oversight Committee in January.

6. The audit firm shall perform an audit of and prepare basic financial statements and a management letter for the West Valley Solid Waste Management Authority, a California Joint Powers Authority. The Authority includes the Cities of Campbell, Monte Sereno, Saratoga, and the Town of Los Gatos. The City maintains the financial records and provides accounting services for the Authority. The Authority's financial activities are reported in a single enterprise fund.

7. Periodically, the City receives Transportation Development Act (TDA) funds (Article 3 Bikeway Program) from the Metropolitan Transportation Commission for bicycle and pedestrian improvements. Whenever such funds are received (or expended by the City) an audit is required. The City did not incur any expenditures during the past fiscal year. However, if funding is received during the contract period, an audit of the TDA activity will be required including an opinion of fair presentation in conformity with GAAP and

compliance with applicable program guidelines.

Optional Items (To be shown as separate line items in Cost Proposal):

8. The audit firm shall provide, compile, and file the Annual Financial Transactions Report (FTR) to the State Controller of California, from data provided by City staff. At any time, based on capacity, City staff may wish to perform this function internally and will remove this function from the engagement at that time upon sufficient notice to the audit firm.

9. The audit firm shall provide, compile, and file the Annual Street Report to the State Controller of California, from data provided by City staff. At any time, based on capacity, City staff may wish to perform this function internally and will remove this function from the engagement at that time upon sufficient notice to the audit firm.

10. Assistance with GASB 68 accounting entries as needed to record the City's net pension liability and related deferred inflows and outflows. At any time, based on capacity, City staff may wish to perform this function entirely and internally and will remove this function from the engagement at that time upon sufficient notice to the audit firm.

V. Auditing Standards to Be Followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accounts;

2. The standards applicable to financial audits contained in *Government Auditing Standards* (2018 Revision), issued by the Comptroller General of the United States;

3. The provisions of the Single Audit Act of 1984, as amended in 1996; and

4. The provisions of Title 2 of the Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

VI. Time Requirements

A. <u>Date Audit May Commence</u>

Audit planning, documentation of systems of internal control and compliance and transaction testing should be completed during the interim stage which should be anticipated to occur during June or July. It is expected the City will close its books and be ready for the final audit by the beginning of October.

B. <u>Date Reports are Due</u>

The auditor shall provide all drafts and recommendations for improvements to the Director of Finance within a reasonable time period after the last day of field work. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed CAFR, Single Audit report and other reports shall be delivered to the Director of Finance. It is anticipated that this process will be completed and the final products to be delivered by approximately December 5 of each year.

VII. Assistance to Be Provided to the Auditor and Report Preparation

A. Finance Department and Clerical Assistance

The Finance Department staff will be available during the audit to assist the firm by providing information, documentation, and explanations. Norite Vong, Finance Manager, will be responsible for acting as the liaison between the audit firm and the accounting personnel.

B. Work Area, Telephone, and Office Equipment

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone, access to the general ledger system, and photocopying, FAX machines, and other electronic machines as needed.

C. Report Preparation

Report preparation, editing, printing, and binding shall be the responsibility of the auditor as listed below:

1. *Comprehensive Annual Financial Report (1 Camera Ready Color Copy Unbound)*
2. *Single Audit Report (10 Bound)*
3. *West Valley Solid Waste Management Authority (10 Bound)*
4. *Gann Appropriations Limit Report (5 Unbound)*
5. *Transportation Development Act (TDA) Article 3 Grant (10 Bound)*

All reports above should also be provided to City digitally in Adobe Acrobat format.

VIII. General

The Consultant may recommend other tasks that it deems appropriate to achieve the objectives set forth in this RFP.

A. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the firm is notified in writing by the City of Campbell of the need to extend the retention period. The auditor will be required to make working papers available to the City of Campbell or any government agencies included in the audit of federal grants. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

B. State and National Developments

It is expected that the selected firm will keep the City informed of new state and national developments affecting municipal finance and reporting, standards and trends including changes in federal/state grant program accounting and reporting requirements. This shall include at least one formal updating session per year with Finance staff.

IX. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: City Council; City Manager; City Attorney; and the Finance Director.

X. Proposal Submission Requirements

A. General Requirements

Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Contact Person: Norite Vong
Finance Manager
City of Campbell
70 N. First Street
Campbell, CA 95008
noritev@campbellca.gov / (408) 866-2112

CONTACT WITH PERSONNEL OF THE CITY OTHER THAN THE ABOVE REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

B. Submission of Proposal

Four (4) copies of` the Proposal shall be received by the City Clerk by 4:00 p.m. on January 6, 2020 for a proposal to be considered. The Proposal should address the items listed in sections 1, 2, and 3 as follows.

The Proposal should be addressed as follows:

Office of the City Clerk, City of Campbell
Attn: Norite Vong
Finance Manager
70 N. First Street
Campbell, CA 95008

1. Format for Technical Proposal

a. Title Page showing the request for proposals subject; the firm's name; the name, address, telephone number, and e-mail address of the contact person; and the date of the proposal.

b. Table of Contents identifying the materials submitted by section and page number. Cross-referencing to section and page number in the RFP would be helpful.

c. Signed Transmittal Letter briefly stating the Proposer's understanding of the work to be done; the commitment to perform the work within the time period; and the name(s) of the person(s) authorized to represent the Proposer, title, address, telephone number, and e-mail address.

d. Detailed Proposal following the order set forth in Section 2 below.

2. Contents of Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications,

competence and capacity of the firm seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than the form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should address all points outlined in the request for proposals (**excluding any cost information, which should only be included in the sealed and separate Cost Proposal**). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this request for proposals. While additional data may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

a. *License to Practice in California* - An affirmative statement should be included verifying the firm and all assigned key professional staff are properly licensed to practice in California.

b. *Independence* - The firm should provide an affirmative statement that it is independent of the City of Campbell as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's *Government Auditing Standards*.

c. *Firm Qualifications and Experience* - **To qualify the firm must have extensive experience in audits of local governments as well as experience with preparation of Comprehensive Annual Financial Statements**. The Proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. Staff consistency is an important consideration.

   The Proposer should provide the range of activities performed by the local office, e.g., audit, accounting, tax service and/or management consulting services.

   The Proposer must provide a list of all current municipal clients.

   The Proposer is also required to submit a copy of a report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards).

   The Proposer shall also provide information on the results of any Federal or State desk reviews or field reviews of its audits during the past three (3)

years. In addition, the Proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with State regulatory bodies or professional organizations.

d. *Partner, Supervisory and Staff Qualifications and Experience* - Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Include resumes, indicating whether each such person is registered or licensed to practice as a certified public account in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past (3) three years and membership in professional organizations relevant to the performance of this audit.

   Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

   Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

   Other audit personnel may be changed at the discretion of the Proposer provided that replacements have substantially the same or better qualifications or experience.

e. *Prior Engagements with the City of Campbell* - List separately all engagements within the last five years, if any, ranked on the basis of total staff hours, performed for the City of Campbell by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name, title, telephone number, and e-mail address of the principal client contact.

f. *Similar Engagements with Other Government Entities* - For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last three (3) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name, title, telephone number, and e-mail address of the principal client contact. Also please indicate whether the audit was part of a Comprehensive Annual Financial Report prepared in conformance with current GASB requirements. Information should be provided regarding clients that the firm

serves that have received the CSMFO and GFOA awards.

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

g. *Specific Audit Approach* - The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Sections of this request for proposals for ***IV. Scope of Services***, ***V. Auditing Standards to Be Followed***, ***VIII. General***, **IX.** ***Irregularities and Illegal Acts.*** In developing the work plan, reference should be made to such sources of information as City of Campbell budget and related materials, CAFR, organizational charts, manuals, programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

1. Proposed segmentation for the engagement;

2. Level of staff and number of hours to be assigned to each proposed segment of the engagement;

3. Sample size and the extent to which statistical sampling is to be used in this engagement;

4. Extent of use of Management Information Systems (MIS) software in this engagement;

5. Type and extent of analytical procedures to be used in this engagement;

6. Approach to be taken to gain and document an understanding of the City's internal control structure;

7. Approach to be taken in determining laws and regulations that will be subject to audit test work; and

8. Approach to be taken in drawing audit samples for purposes of tests of compliance.

h. *Identification of Potential Audit Problems* - The proposal should identify

and describe any potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

3. Contents of Cost Proposal

In a **separate envelope** marked "**Cost Proposal**", provide the following:

a. *Total All-Inclusive Maximum Price* - The cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

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

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

1. Name of Firm

2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal, and authorized to sign a contract with the City.

3. A Total All-Inclusive Maximum Price for each year of the engagement.

The cost proposal should be submitted in the format provided in Attachment A, "AUDIT WORK COST PROPOSAL FORM" and Attachment B, "ESTIMATE OF COST."

b. *Manner of Payment* - Progress payment will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than a calendar month.

XI. Evaluation of Proposals and Selection Process

A. Review of Proposals

City Staff, consisting at a minimum, of the following, will evaluate submitted proposals:

Will Fuentes, Finance Director
Norite Vong, Finance Manager

In addition, the City Council Finance Sub-Committee will review a shortlist of finalists and make a recommendation to the City Council for award of the contract.

B. Evaluation Criteria

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

1. The audit firm is independent and licensed to practice in California.
2. The firm has no conflict of interest with regard to any of the work performed by the firm for the City.
3. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
4. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
5. The firm's past experience and performance on comparable government engagements.
6. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
7. Adequacy of proposed staffing plan for various segments of the engagement.
8. Thoroughness of approach to conducting the audit of the City and demonstration of the understanding of the objectives and scope of the audit.
9. Commitment to timeliness in the conduct of the audit.
10. Maximum fees to conduct the audit.

XII. Miscellaneous

A. Public Records

All proposals submitted in response to this RFP become the property of the City. Information in the proposal, unless specified as trade protected, may be subject to public review under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt. Any information contained in the proposal that is proprietary must be clearly designated. Marking the entire proposal as proprietary will be neither accepted nor honored. Proprietary information submitted in response to this RFP will be handled in accordance with the California Public Records Act.

B. Right to Cancel and Amend

The City reserves the right to cancel, for any or no reason, in part or in its entirety, this RFP, including but not limited to: selection schedule, submittal date,

and submittal requirements. If the City cancels or revises the RFP, all Consultants will be notified in writing.

C. Additional Information

The City reserves the right to request additional information and/or clarification from any or all Consultants.

D. Conflict of Interest

Selected consultant covenants that the company, its officers, employees and/or agents presently have no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services requested herein by the City. Consultant further covenants that, in the performance of any contract or agreement resulting from this RFP, no subcontractor or person having such an interest shall be employed. Consultant certifies that to the best of Consultant's knowledge, no one who has or will have any financial interest under any contract or agreement resulting from this RFP is an officer or employee of the City.

E. Release of Public Information

Consultants who respond to this RFP who wish to release information to the public regarding selection, contract award or data provided by the City must receive prior written approval from the City before disclosing such information to the public.

F. Non-Assignment

If a contract is awarded, the selected Consultant shall neither assign, nor delegate, in part or in whole, any duties without the prior written consent of the City which shall not be unreasonably withheld.

G. Collusion

Each Consultant certifies that the company, its officers, employees and/or agents are not a party to any collusive action, fraud, or any action that may be in violation of the Sherman Antitrust Act. The Consultant certifies that the company, its officers, employees and/or agents have not offered or received any kickbacks or inducements from any other bidding Consultant, supplier, manufacturer, or subcontractor in connection with the proposal and that the company, its officers, employees and/or agents have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value. Any or all bids shall be rejected if there is any reason to believe collusion exists among the bidding Consultants.

H. Debarment

By submitting a proposal, the Consultant certifies that the company is not currently debarred from submitting proposals and/or bids for contracts issued by any City or political subdivision or agency of the State of California, and that it is not an agent of a person or entity that is currently debarred from submitting proposals and/or bids for contracts issued by any City or political subdivision or agency of the State of California.

I. Equal Employment Opportunity Compliance

The selected Consultant shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Consultant shall

ensure that all employees and applicants for employment shall be treated with equality in all aspects of employment processes including, but not limited to, hiring, transfer, promotion, training, compensation and termination, regardless of their race, creed, color, sex, national origin, age, or physical handicap.

J. Right to Audit

The selected Consultant shall maintain such financial records and other records as may be prescribed by the City or by applicable federal and state laws, rules, and regulations. The selected Consultant shall retain these records for a period of seven (7) years after final payment, or until they are audited by the City, whichever event occurs first. These records shall be made available during the term of the contract or service agreement and the subsequent seven-year period for examination, transcription, and audit by the City or its designees.

XIII. ATTACHMENT A - Audit Cost Proposal Form

Service	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
City Audit and Related Reports	$	$	$	$	$
Gann Limit Review Report	$	$	$	$	$
Single Audit and Related Reports	$	$	$	$	$
West Valley Solid Waste Management Authority (JPA)	$	$	$	$	$
TDA Article 3 Audit	$	$	$	$	$
Out of Pocket Expenses -Meals and Lodging -Transportation -Other	 $ $ $	 $ $ $	 $ $ $	 $ $ $	 $ $ $
Total for Fiscal Year (not-to-exceed) *Without Optional Items*	$	$	$	$	$
Optional Items #8 FTR #9 Street Report #10 GASB 68	 $ $ $	 $ $ $	 $ $ $	 $ $ $	 $ $ $
Total for Fiscal Year (not-to-exceed) *With Optional Items*					

XIV. ATTACHMENT B - Estimate of Cost

Name of Firm: _____

Address: _____

_____

_____

Contact Name: _____

Contact Phone #: _____

Contact Fax #: _____

Contact E-mail: _____

Auditor's Standard Billing Rates

Position	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Partner	$	$	$	$	$
Manager	$	$	$	$	$
Senior Auditor	$	$	$	$	$
Staff Auditor	$	$	$	$	$
Clerical	$	$	$	$	$
Other	$	$	$	$	$

XV. ATTACHMENT C - Sample Consultant Services Agreement

CITY OF CAMPBELL

CONSULTANT SERVICES AGREEMENT

This Agreement is entered into at Campbell, California on the_____day of _____, 201 , by and between the **CITY OF CAMPBELL** (hereinafter referred to as "City") and_____(hereinafter referred to as "Consultant").

WHEREAS, City desires to_____; and

WHEREAS, Consultant represents that it has the expertise, means, and ability to perform said_____;

NOW, THEREFORE, in consideration of each other's mutual promises, Consultant and City agree as follows:

1. **DUTIES OF CONSULTANT**

1.1 Consultant agrees to perform services as set forth in Exhibit A - Scope of Services, attached hereto and incorporated herein by reference, and which shall be interpreted together and in harmony with this Agreement. In the event of any conflict between Exhibit A and this Agreement, this Agreement shall govern, control, and take precedence.

1.2 Consultant's project manager will meet with the City's project coordinator prior to commencement of the project to establish a clear understanding of the working relationships, authorities, and management philosophy of City as it relates to this Agreement.

1.3 Consultant, working with the City, will gather available existing information concerning the project, and shall review documents as necessary for compliance with the project's objectives.

1.4 In performance of this Agreement by Consultant, time will be of the essence.

1.5 Notwithstanding Section 1.4, Consultant shall not be responsible for delay caused by activities or factors beyond Consultant's reasonable control, including delays or by reason of strikes, work slow-downs or stoppages, or acts of God.

1.6 Consultant agrees to perform this Agreement in accordance with the highest degree of skill and expertise exercised by members of Consultant's profession working on similar projects under similar circumstances.

1.7 Consultant shall cooperate in good faith with City in all aspects of the performance

of this Agreement.

1.8 In the course of the performance of this Agreement, Consultant shall act in the City's best interest as it relates to the project.

1.9 The designated project manager for Consultant shall be_____. The Consultant's project manager shall have all the necessary authority to direct technical and professional work within the scope of the Agreement and shall serve as the principal point of contact with the City and the City's project coordinator. The authorized principal of Consultant executing this Agreement for the Consultant shall have authority to make decisions regarding changes in services, termination and other matters related to the performance of this agreement on behalf of Consultant.

1.10 The Consultant (and its employees, agents, representatives, and subconsultants), in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the City. The City shall not direct the work and means for accomplishment of the services and work to be performed hereunder. The City, however, retains the right to require that work performed by Consultant meet specific standards consistent with the requirements of this Agreement without regard to the manner and means of accomplishment thereof. Subcontractors shall assume all of the rights, obligations and liabilities, applicable to it as an independent contractor hereunder. Consultant represents and warrants that it (i) is fully experienced and properly qualified to perform the class of work and services provided for herein, (ii) has the financial capability and shall finance its own operations required for the performance of the work and services and (iii) is properly equipped and organized to perform the work and services in a competent, timely and proper manner in accordance with the requirements of this Agreement.

1.11 This Agreement contains provisions that permit mutually acceptable changes in the scope, character or complexity of the work if such changes become desirable or necessary as the work progresses. Adjustments to the basis of payment and to the time for performance of the work, if any, shall be established by a written contract amendment (approved and executed by the City) to accommodate the changes in work.

2. DUTIES OF CITY

2.1 City shall furnish to Consultant all available and pertinent data and information requested by Consultant to facilitate the preparation of the documents called for in this Agreement. Consultant shall be entitled to reasonably rely on all such information.

2.2 City shall provide contract administration services. City shall notify Consultant of required administrative procedures and shall name representatives, if any, authorized to act in its behalf.

2.3 City shall review documents submitted by Consultant and shall render decisions

pertaining thereto as promptly as reasonably possible.

3. **COMPENSATION**

3.1 For the full performance of the services described herein by Consultant, City agrees to compensate Consultant for all services and direct costs associated with the performance of the project in an amount not to exceed $_____, as follows:

a. Once each month, Consultant shall submit for payment by City, an itemized invoice for services performed during the previous billing period. The invoice shall describe the services rendered and the title of the item of work, and shall list labor hours by personnel classification. Said invoice shall be based on all labor and direct expense charges made for work performed on the project. Labor charges shall be in accordance with the fee schedule found in Exhibit A of this Agreement. City shall pay Consultant for services rendered and approved by the City within 30 days from the date the itemized invoice is received by the City, subject to the maximum not to exceed amount specified above and the City's right to object.

b. Direct costs are those outside costs incurred on or directly for the project, and substantiated with invoices for the charges. Direct expenses include printing, reproduction, and delivery charges.

3.2 If Consultant incurs other costs which are not specifically covered by the terms of this Agreement, but which are necessary for performance of Consultant's duties, City may approve payment for said costs if authorized in writing by the City in advance.

3.3 City may order changes in the scope or character of services in writing, including decreasing the amount of Consultant's services. In the event that the work is decreased, Consultant is entitled to full compensation for all services performed and expenses incurred prior to receipt of notice of change. Under no conditions shall Consultant make any changes to the work, either as additions or deductions, without the prior written order of the City. In the event, that the City determines that a change to the work or services from that specified in this Agreement is required, the contract time and/or actual costs reimbursable by the City for the project may be adjusted by contract amendment or change order to accommodate the changed work. The maximum not to exceed total amount specified in this Article 3 (Compensation) shall not be exceeded, unless authorized by written contract amendment or change order, approved and executed by the City. Consultant shall obtain prior written approval for a revised fee schedule from the City before exceeding such fee schedule.

3.4 In no event, will the Consultant be reimbursed for any costs or expenses at any rates that exceed the rates for set forth in the fee schedule found in Exhibit A.

4. **SUBCONSULTANTS**

4.1 Consultant may not subcontract any services required under this Agreement without the prior written consent of the City.

4.2 Consultant shall be responsible to City for the performance of any and all subconsultants who perform work under this contract, and any acts of negligence or misconduct on their part. Consultant is solely responsible for all payments due to subconsultants.

5. OWNERSHIP OF DOCUMENTS AND MATERIALS

All original drawings, documents, papers, data, materials, photographs, negatives and other work products prepared by the Consultant and/or its subconsultants in the performance of the services encompassed in this Agreement (whether in printed or electronic format) ("project-related documents and materials) shall be the property of the City and may be used on this project without the consent of the Consultant or its subcontractors. City acknowledges that such drawings, documents, and other items are instruments of professional services intended for use only on the subject project. Consultant agrees that all copyrights which arise from creation of the Project-related documents and materials pursuant to this Agreement shall be vested in the City and waives and relinquishes all claims to copyright or other intellectual property rights in favor of the City. Upon the completion or termination of this Agreement for any reason, the City shall be entitled to receive, and Consultant shall promptly provide to the City upon request, all finished and unfinished project-related documents and materials, produced or gathered by or on behalf of Consultant that are in Consultant's possession, custody or control. Consultant may retain copies of said documents and materials for its files. In the event of termination, any dispute regarding compensation or damages shall not hinder, prevent, or otherwise impact the City's right to promptly receive and use such documents and materials which are the sole and exclusive property of the City.

6. TERMINATION

Notwithstanding any other provision of this Agreement, City may terminate this Agreement at any time, with or without cause, in its sole discretion, by giving notice in writing to Consultant of such termination. In the event of such termination, Consultant shall have the right and obligation to immediately assemble the work then in progress for the purpose of completing the work and turning over all materials and documents to City. In the event of such termination, Consultant shall be compensated for all work and services performed to the point of termination in accordance with the payment provisions set forth in Section 3.1, unless the termination is for cause, in which event Consultant need be compensated only to the extent required by law.

7. AUDIT AND INSPECTION

Consultant shall permit authorized representatives of City to inspect and audit all data and records relating to its performance under this Agreement for a period of three years following acceptance of the final study.

8. EQUAL EMPLOYMENT OPPORTUNITY

Consultant agrees to refrain from discriminatory employment practices on the basis of race, religious creed, color, sex, national origin, handicap, sexual orientation, or ancestry of any

employee of, or applicant for employment with, such Consultant or subcontractor.

9. INSURANCE AND INDEMNIFICATION

9.1 With respect to any design professional services provided by Consultant, the Consultant agrees to indemnify, and hold harmless the CITY, its officers, and employees to the fullest extent allowed by law from any and all claims, actions, causes of action, damages, liabilities and losses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, except for any claims, actions, causes of action, losses, damages or liabilities proximately caused by the sole negligence or willful misconduct of CITY. CITY shall not be liable for acts of Consultant in performing services described herein. Notwithstanding anything in this paragraph to the contrary, any defense costs charged to the design professional under this paragraph shall not exceed the design professional's proportionate percentage of fault, except that in the event one or more defendants is unable to pay its share of defense costs due to bankruptcy or dissolution of the business, the design professional shall meet and confer with the other parties regarding unpaid defense costs in good faith effort to agree on the allocation of those costs amongst the parties.

With respect to all matters other than those covered by the foregoing paragraph, Consultant agrees to indemnify, defend (with counsel reasonably satisfactory to the CITY) and hold harmless the CITY, its officers, officials, directors, agents representatives, volunteers, and employees to the fullest extent allowed by law from any and all claims, actions, causes of action, losses, damages, liabilities and costs of every nature, including but not limited to all claims, actions, causes of action, losses, damages, liabilities for property damage, bodily injury, or death, and all costs of defending any claim, caused by or arising out of, or alleged to have been caused by or arise out of, in whole or in part, Consultant's performance under this Agreement, except for any claims, actions, causes of action, losses, damages, costs or liabilities proximately caused by the sole negligence or willful misconduct of CITY. CITY shall not be liable for acts of Consultant in performing services described herein.

In no event shall this section be construed to require indemnification by the Consultant to a greater extent than permitted under the public policy of the State of California; and in the event that this contract is subject to California Civil Code section 2782(b), the foregoing indemnity provisions shall not apply to any liability for the active negligence of the City.

The defense and indemnity provisions obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by the insurance obligations contained in this Agreement. The foregoing indemnity provisions are intended to fully allocate the parties' risk of liability to third-parties; and there shall be no rights to indemnity or contribution, in law or equity or otherwise between the parties that are not set forth in this section. Consultant waives all rights to subrogation for any matters covered by the provisions of this section. Consultant's responsibility for such defense and indemnity obligations as set forth in this section shall survive the termination or completion of this Agreement for the full period of time allowed by law.

9.2 Consultant shall maintain insurance conforming to the following specifications to the fullest amount allowed by law for a minimum of two years following the termination or completion of this Agreement:

A. **Types of Coverage**

The policies shall afford the following types of coverage:

1. Commercial General Liability;

2. Automotive;

3. Workers' Compensation and Employer Liability; and

4. Professional Liability and/or Errors and Omissions

B. **Minimum Scope of Insurance**

Coverage shall be at least as broad as:

1. For Commercial General Liability: Insurance Services Office (ISO) CGL Form 00 01 11 85; and

2. For Automotive Liability: ISO CA 00 01 06 92 including symbol 1(any auto); and

3. For Workers' Compensation: insurance as required by the Labor Code of the State of California and Employer's Liability insurance; and

4. For Professional Liability and/or Errors and Omissions: insurance covering negligence committed by or on behalf of Consultant in rendering services to City.

C. **Minimum Limits of Insurance**

Consultant shall maintain limits no less than:

1. General Liability: $1,000,000 combined single limit per occurrence for bodily, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: $1,000,000 combined single limit per accident for bodily injury and property damage.

3. Workers' Compensation and Employer's Liability: Workers'

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Compensation limits as required by the Labor Code of the State of California and Employer's Liability limits of $1,000,000 per accident.

4. Professional Liability and/or Errors and Omissions: $1,000,000 per claim and $2,000,000 in the annual aggregate.

The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City (as agreed to in this Agreement) before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

D. **Deductible and Self-Insured Retention**

Any deductibles or self-insured retention must be declared to and approved by the City, and shall not reduce the limits of liability. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the City, its agents, officers, attorneys, employees, officials and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses related to investigations, claim administration, and defense expenses. Policies containing any self-insured retention provision shall provide or be endorsed to provide that the self-insured retention may be satisfied by either the named insured or the City.

E. **Other Insurance Provisions**

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

1. General Liability and Automobile Liability Coverage:

a. The City, its agents, officers, attorneys, employees, officials and volunteers are to be covered as additional insureds as respects: liability arising out of this Agreement performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. It is a requirement of this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth in this Agreement shall be available to the City as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is affords greater coverage.

b. The Consultant's insurance coverage shall be primary insurance as respects the City, its agents, officers, attorneys, employees, officials and

volunteers. Any insurance or self-insurance maintained by the City, its agents, officers, attorneys, employees, officials and volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its agents, officers, attorneys, employees, officials, and volunteers.

d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employer's Liability Coverage: The insurer shall agree to waive all rights of subrogation against the City, its agents, officers, attorneys, employees, officials, and volunteers for losses arising from work performed by the Consultant for the City.

3. All Coverages: Any unintentional failure to comply with reporting provisions of the policies shall not affect coverage provided to the City; and unless otherwise approved by the City, each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by regular mail has been given to the City, or ten (10) days for cancellation for non-payment of premium.

E. **Suspension or Cancellation**

If any of the coverages required by this Agreement should be suspended, voided, cancelled or reduced in coverage during the term of this Agreement, Consultant shall immediately notify City and replace such coverage with another policy meeting the requirements of this Agreement.

F. **Subcontractors**

Consultant agrees that any and all contracts with subcontractors for performance of any matter under this Agreement shall require the subcontractors to comply with the same indemnity and insurance requirements set forth in this Agreement to the extent that they apply to the scope of the subcontractors' work. Subcontractors are to be bound to contractor and to City in the same manner and to the same extent as the Consultant is bound to City under this Agreement. Subcontractors shall further agree to include these same provisions with any sub-subcontractor. A copy of this Agreement will be furnished to the subcontractor on request. The Consultant shall require all subcontractors to provide a valid certificate of insurance and the required endorsements included in the Agreement prior to commencing any work, and will provide proof of compliance to the City.

G. **Acceptability of Insurers**

Without limiting Consultant's indemnification provided hereunder, the policies of insurance listed in Article 9.2 of this Agreement are to be issued by an issuer with a current A.M. Best Rating of A:V and who is authorized to transact business in the State of California, unless otherwise approved by the City.

H. **Verification of Coverage**

Consultant shall furnish the City with endorsements and certificates of insurance evidencing coverage required by this clause. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the City. Where required by statue, forms approved by the Insurance Commissioner are to be submitted. All certificates are to be received and approved by the City before work commences.

10. **MISCELLANEOUS**

10.1 This Agreement shall be binding on the heirs, executors, assigns and successors of Consultant.

10.2 Neither party may assign this Agreement, or any portion hereof, without the prior written consent of the other.

10.3 This Agreement shall not be construed to alter, affect, or waive any lien or stop notice rights, which Consultant may have for the performance of services pursuant to this Agreement.

10.4 Neither party's waiver of any term, condition or covenant, or breach of any term, condition or covenant shall be construed as the waiver of any other term, condition or covenant or waiver of the breach of any other term, condition or covenant.

10.5 This Agreement contains the entire Agreement between City and Consultant relating to the project and the provision of services to the project. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force or effect. Subsequent modifications to this Agreement shall be in writing and signed by both City and Consultant.

10.6 If any term, condition or covenant of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall be valid and binding on City and Consultant.

10.7 This Agreement shall be governed and construed in accordance with the laws of

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the State of California.

10.8 This Agreement may be executed in counterparts and will be binding as executed.

10.9 All changes or amendments to this Agreement must be in writing and approved by all parties.

10.10 The term of this Agreement shall commence upon execution of the Agreement and terminate____. Any extension of the Agreement shall be mutually agreed upon in writing and shall require an amendment to the Agreement signed by both parties.

10.11 Consultant owes the City a duty of undivided loyalty in performing the work and services under this Agreement, including, but not limited to, the obligation to refrain from having economic interests and/or participating in activities that conflict with the City's interests in respect to the work and/or services and project. The Consultant shall list current clients who may have a financial interest in the outcome of this Agreement. The Consultant hereby certifies that it does not now have, nor shall it acquire any financial or business interest that would conflict with the performance of services under this agreement. Consultant shall not make or participate in making or in any way attempt to use Consultant's position to influence a governmental decision in which Consultant knows or has reason to know Consultant has a direct or indirect financial interest other than the compensation promised by this Agreement. Consultant will immediately advise the City if Consultant learns of a financial interest of Consultant's during the term of this Agreement.

10.12 This Agreement is entered into, and to be performed in Santa Clara County, California, and any action arising out of or related to this Agreement shall be maintained in a court of appropriate jurisdiction in Santa Clara County, California.

11. NOTICES

Notices required under this Agreement may be delivered by first class mail addressed to the appropriate party at one of the following addresses:

CITY: City of Campbell
Attention: _____
70 North First Street
Campbell, CA 95008

CONSULTANT: _____
Attention: _____
_____
_____
_____

Attachment: Financial Audit Services RFP - Issued 11.06.19 (Resolution Approving Authorization to Award Financial Audit Services Contract

Having read and understood the foregoing Agreement, the undersigned parties agree to be bound hereby:

CONSULTANT

By_____

Title _____

CITY OF CAMPBELL

By _____

_____

Title_____

Exhibit A - Scope of Services and Fees

January 6, 2020

Technical Proposal for Professional Auditing Services

CITY OF CAMPBELL

Submitted By:

Eide Bailly LLP
Ahmad Gharaibeh, CPA
Partner
260 Sheridan Ave, Suite 440
Palo Alto, CA 94306

EideBailly®

VTD IS NOW EIDE BAILLY

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Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Transmittal Letter

WE WANT TO WORK WITH YOU.

Thank you for giving Eide Bailly LLP the opportunity to propose on audit services for the City of Campbell (the "City"). We've served the government industry for more than 50 years and work with more than 900 government clients throughout the nation.

Through serving these clients, our professionals have gained focused expertise regarding government organizations and will provide you with insightful advice that aids in managing the finances of the City. We understand your specific challenges, needs and goals and have fine-tuned our process to create a more effective and efficient engagement.

We stay abreast of current issues impacting government organizations and grow our knowledge by attending workshops and trainings. During your engagement, we will work closely with your management team to identify issues and provide responsive solutions that are tailored to your organization. In addition, you will experience partner involvement during all phases of the engagement, as well as throughout the year. At Eide Bailly, we make it a priority to be accessible to our clients, which includes returning phone calls and e-mails in a timely manner.

Government Experience

The service team assigned has experience providing audit services to several other similar clients in the government industry. This experience will bring the City a different and unique perspective to your audit not seen by other firms. Not only will we provide the expected compliance and financial statement support but, with our experience with other governments, we can bring best practices to the City. We strongly believe in providing our clients value added services and support, not only during the audit, but throughout the year.

The following pages highlight our firm's strengths and demonstrate why Eide Bailly merits serious consideration. Know that you will be a highly valued client. Our people would be proud to work with the City of Campbell and build a trusting relationship with your team. Please contact me at 650.462.0400 or agharaibeh@eidebailly.com, if you would like to discuss any aspect of this proposal.

Other Services

Eide Bailly is seeing an explosion of interest in the areas of Cybersecurity, Internal Audit and Forensic Accounting in state and local governments nationally. We have professionals with deep IT backgrounds specializing in a broad range of security services allowing us to tailor solutions to your needs. Our internal audit professionals bring strong process, procedure, internal control and risk management experience to your organization. We have seasoned professionals with years of relevant investigative experience.

1 EXPERIENCE

Our experienced professionals are committed to the industries we serve. We focus on training, and we like to think of ourselves as thought leaders.

2 PEOPLE

We're a team of collaborators and innovators. Our culture is the heart of our firm, and we're always working together to do things differently and better.

3 COMMUNICATIONS

Open, honest, frequent communication ensures that you're not in for any surprises. We'll stay in touch throughout the year so you feel understood, connected and confident.

4 CORPORATE RESPONSIBILITY

We consider ourselves good corporate citizens-caring for our people, giving back to our communities, and taking care of our environment.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Affirmations

This proposal to provide auditing services is firm and irrevocable for 180 days. We affirm our understanding of the services requested by the City, the work to be done, the time period of performance, and that the City desires an audit firm that provides consistency with staff. Eide Bailly's philosophy is to staff each of our audits with consistent staff in order to provide the most effective and efficient audit for our clients. As required by the Request for Proposal our audit plan covers the engagements for:

- City of Campbell Comprehensive Annual Financial Report
- Single Audit Report on Federal Awards
- GANN Limit Audit
- The Transportation Development Act per the Metropolitan Transportation Commission requirements
- West Valley Solid Waste Management Authority Basic Financial Statements
- State Controller City Financial Transactions Report (optional)
- Annual Street Report to the State Controller of California (optional)
- Preparation of the city's GASB 68 accounting entries (optional)

Sincerely,

Ahmad Gharaibeh, CPA
Partner
260 Sheridan Ave, Suite 440
Palo Alto, CA 94306
650.462.0400
agharaibeh@eidebailly.com

TECHNICAL PROPOSAL

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

About Eide Bailly

WHAT INSPIRES YOU, INSPIRES US.

With more than 100 years of service, your experience will be different than working with other CPA firms. Our professionals deliver industry and subject matter expertise resourcefully, ensuring that we're providing guidance that directly reflects your needs.

Eide Bailly is a Top 25 CPA firm in the nation with offices in 15 states. Our clients benefit from local, personal service and, at the same time, enjoy access to 2,500 professionals with diverse skill sets and experiences.

We pride ourselves on being leaders in the industries we serve, offering valuable perspectives beyond our core strength of accounting and tax compliance. We're here to help guide the strategy and operations of your organization, and we aim to make sure our clients feel connected and understand the process.

Our people are optimistic and good-natured—we know you'll enjoy working with us as much as we enjoy working with each other. Our service style is hands-on, and we're always looking for new ways to solve your problems or help you embrace opportunities.

Our Promise to Clients

Our work with clients is more than an engagement. It's a relationship, built on value and trust—and results. When working with Eide Bailly, you will:

- Work with professionals who truly care about your business and will take the time to get to know you and your organization.
- Gain insight from our industry and service specialists to accomplish your objectives, address challenges and leverage new opportunities.
- Make better business decisions knowing you are guided by trusted advisors who care about your success.

AT A GLANCE

top 25 CPA firm in the nation

offices in 15 states

330 partners

2,500+ staff

1

one Eide Bailly

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Licensed to Practice in California

Eide Bailly and each of the professional staff assigned to the City are properly registered and licensed to practice in California.

Firm Registrations

California Secretary of State Registration Number – 201 997 098 003
California State Board of Accountancy Permit Number – 5973

Independence

Eide Bailly is independent of the City as defined by the generally accepted auditing standards and The U.S. General Accounting Office's Government Auditing Standards. Within the past five years, the firm has not had any relationships involving the city.

Should Eide Bailly enter into any professional relationships deemed relevant during the course of this engagement, we will notify you in writing of such relationship.

Peer Review

Eide Bailly is a member of the American Institute of Certified Public Accountants Private Companies Practice Section (PCPS), Center for Public Company Audit Firms (CPCAF) and Governmental Audit Quality Center. Our membership with the AICPA requires a third-party peer review of our audit and accounting practice every three years and is included on page seven. This review included several similar clients and received a rating of 'Pass'.

We are also currently registered with the Public Company Accounting Oversight Board (PCAOB), for which the portion of our practice related to PCAOB/SEC engagements is subject to an inspection of the PCAOB at least once every three years. A copy of our most recent PCAOB inspection report can be found on the PCAOB website at www.pcaobus.org.

Peer Review

Cherry Bekaert LLP
CPAs & Advisors

Report on the Firm's System of Quality Control

December 28, 2017

To the Partners of Eide Bailly LLP and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eide Bailly LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Firm Qualifications and Experience

Government Experience

The firm has 275 full-time professionals who participate in our Governmental Services Group. These professionals share information, learn from others and stay up-to-date on industry developments. To gain the greatest benefit, the knowledge is shared with professionals across the firm.

The governmental industry represents one of Eide Bailly's largest niche areas—with more than 900 governmental clients firmwide. We provide audit services for a variety of cities, counties, colleges and universities, fire relief agencies, housing authorities, school districts, state agencies, and tribal entities. Through serving these clients, our professionals have gained focused expertise in the governmental industry and will provide you with insightful advice that aids in managing the finances of the City.

These services include, but are not limited to, evaluating internal control structure, assessing control risk and performing tests of controls, as well as testing compliance with applicable laws and regulations in accordance with *Government Auditing Standards*.

Industry Involvement

In an industry where standards continually evolve and change, Eide Bailly makes it a priority to stay current and assist our clients with necessary changes. In addition to helping clients implement new standards, we also help them adapt to changes within the existing standards. Our team members are truly engaged in the governmental industry and are well positioned in organizations associated with governmental entities. We are leaders in the Governmental Accounting Standards Advisory Council (GASAC), the AICPA's Governmental Audit Quality Center, AICPA State and Local Government Expert Panel and PCPS Technical Committee, local and national boards of the AGA, including the Financial Management Standards Board, and the review committee for the GFOA's Certificate of Excellence for Achievement in Financial Reporting. Due to our leadership positions, the City will have access to information not available from other accounting firms.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Firm Qualifications and Experience

Eide Bailly also regularly attends GASB meetings throughout the year and we communicate the results of those meetings to our clients through our newsletters, e-blasts and webinars. We are also involved with GASB's financial reporting reexamination task force shaping the future of state and local governmental accounting and reporting and participate in the reexamination of the revenue and expense model and note disclosure projects with GASB.

Vavrinek, Trine, Day, & Co., LLP

We are pleased to announce that Vavrinek, Trine, Day & Co. LLP (VTD) is now Eide Bailly. With 11 offices throughout California, as part of Eide Bailly, our geographic reach extends to 15 states west of the Mississippi and our staff count grows to approximately 2,500.

A significant percentage of VTD's current practice is devoted to the governmental sector. VTD provides governmental auditing and specialized accounting services to over 300 governmental agencies. the City will have access to these professionals, as well as the entire Eide Bailly Governmental Services Group.

VTD's key industries include, but are not limited to, large municipal and regional governments, financial institutions, higher education, manufacturing, retail enterprises, and nonprofit corporations.

Single Audit Experience

Eide Bailly has experience providing single audits related to federal expenditures which ensure our clients remain compliant. Our single audits include an audit of both the financial statements and the federal awards. We also assist in the preparation of the data collection form and prepare the reporting package for submission to the federal audit clearinghouse.

As mentioned before, Eide Bailly audits more than $9.5 billion in federal expenditures, which provides us with extensive experience in single audits. Not only are we on the forefront of new regulations, but because of our vast experience with governmental entities, we have familiarity with a wide variety of federal programs. As the City looks to expand its current federal programs, we can pull from our expansive database of federal programs that we have audited and provide consultation on what has worked effectively for other entities. This will help the City establish strong controls and processes over new federal programs rather than trying to rework controls and processes after the program are established.

Our single audit experience includes the Department of Education, Department of Housing and Urban Development, Department of Agriculture, Department of Commerce, Department of Interior, Department of Transportation, Department of Justice, Department of Labor, Department of the Treasury, Department of Health and Human Services, Homeland Security, National Foundation on the Arts and the Humanities, Environmental Protection Agency, Department of Energy, Office of the National Drug Control Policy, Department of Defense, and the Bureau of Land Management.

Paired with our many years of experience, we are qualified to effectively work with your organization to ensure that federal requirements are met.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Firm Qualifications and Experience

Eide Bailly's Current Municipal Clients

Note: Eide Bailly has not been engaged with the City of Campbell within the last five years.

CITIES
City of Alameda
City of Brawley
City of Brentwood
City of Chico
City of Concord
City of Dana Point
City of Davis
City of Fairfield
City of Folsom
City of Foster City
City of Glendale
City of Gonzales
City of Grand Terrace
City of Greenfield
City of Huntington Park
City of Indian Wells
City of Laguna Beach
City of Laguna Niguel
City of Lemon Grove
City of Los Altos
City of Monte Sereno
City of Napa
City of Oceanside
City of Palmdale
City of Paramount
City of Pleasanton
City of Rancho Mirage
City of Rancho Palos Verdes
City of Rohnert Park
City of Roseville
City of Sacramento
City of San Jacinto
City of San Leandro
City of San Ramon
City of Santa Clara
City of Santa Clarita
City of Santa Cruz
City of Saratoga
City of South Gate
City of South Lake Tahoe
City of Suisun City
City of Temecula
City of Temple City
City of Walnut
City of Whittier

COUNTY GOVERNMENTS
County of Imperial
County of Orange
County of Placer
County of Riverside
County of Sacramento
County of San Bernardino
County of San Diego
County of San Joaquin
County of Shasta
County of Solano
County of Sonoma
County of Ventura
County of Yolo

FIRST 5 COMMISSIONS
Contra Costa First 5 Commission
Sacramento First 5 Commission
Fresno First 5 Commission
Los Angeles First 5 Commission
Orange County First 5 Commission
Riverside First 5 Commission
San Bernardino First 5 Commission
Sonoma First 5 Commission
Yolo First 5 Commission

TRANSIT AGENCIES
Capital Southeast Connector JPA
High Desert Connector JPA
Imperal County Transportation Commission
Omnitrans
Orange County Transportation Authority
Sacramento Area Council of Governments
San Joaquin Regional Rail Commission
Santa Clara Valley Transportation Authority
SR 91 Expresslanes
Ventura County Transportation Commission
Solano County Transportation Authority

POWER AGENCIES
Alameda Municipal Power
Glendale Water and Power
Marin Energy Authority
Silicon Valley Power

STATE AGENCIES
Department of Water Resources - Electric Fund
Department of Water Resources -
State Water Development System Fund

WATER AGENCIES
Beaumont Cherry Valley Water District
Elsinore Valley Municipal Water District
Helix Water District
Montara Water and Sanitary District
Monterey Regional Water Pollution Control Agency
Moulton Niguel Water District
Municipal Water District of Orange County
Reclamation District #2035
Sacramento County Water Agency
Sacramento Groundwater Authority
Santa Clara Water District
Santa Margarita Water District
Suisun-Solano Water Authority
Yolo-Davis Clean Water JPA
Yucaipa Valley Water District

SEWER, SANITATION & FLOOD AGENCIES
Alameda County Waste Management Authority
Bayshore Sanitary District
Central Contra Costa Sanitary District
Central Marin Sanitation Agency
Cupertino Sanitary District
Delta Diablo Sanitation District
East Bay Discharge Authority
Fairfield-Suisun Sanitary District
Knights Landing Community Services District
Madison Community Services District
Orange County Waste & Recycling
Oro Loma Sanitary District
Riverside County Waste Management
Ross Valley Sanitation District
Sacramento Area Sewer District
Sacramento Regional County Sanitation District
Union Sanitary District
Vallejo Sanitation and Flood Control District
West Bay Sanitary District
West Valley Sanitation District

OTHER AGENCIES
Sacramento County Airport System
Sacramento Solid Waste Fund
Yolo County Habitat JPA
Yolo Solano Air Quality District
East Bay Regional Park District

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Firm Qualifications and Experience

GFOA Certificate of Achievement for Excellence in Financial Reporting

Because we know how important achieving the GFOA Certificate of Achievement for Excellence in Financial Reporting is to clients, we work with them to achieve this certification. Below is a summary list of some of our government audit clients who have been awarded and currently maintain the GFOA's Certificate of Achievement for Excellence in Financial Reporting:

State of Nevada, NV	City of S. Lake Tahoe, CA	City of Rancho Cordova, CA
City of Fairfield, CA	City of Santa Cruz, CA	City of Roseville, CA
City of Walnut Creek	City of Capitola, CA	County of Douglas, NV
City of Chico, CA	City of Salt Lake City, UT	County of Solano, CA
County of Ventura, CA	County of Orange, CA	County of San Bernardino, CA

Thought Leadership

A number of partners at Eide Bailly are nationally recognized state and local government thought leaders who present at dozens of national venues throughout the year. These include: GFOA; National Association of State Auditors, Comptrollers, and Treasurers; California Society of CPA's; California Society of Municipal Finance Officers; Oregon Government Finance Officers Association; the California State Association of County Retirement Systems; the California Association of Public Retirement Systems; AGA National Professional Development Conference; National Association of Housing and Redevelopment Officials (NAHRO); Iowa Society of CPA's; Idaho Society of CPA's; Utah Society of CPA's; and Colorado GFOA.

We also provide training for state and local agencies. Some of these agencies include Controllers' offices of the State of Tennessee, Texas State Auditor, State of Montana, Commonwealth of Massachusetts and the State of Nevada.

Furthermore, Eric Berman, Partner, is the author for the entire Governmental Library for Commerce Clearinghouse Wolters Kluwer (CCH). This library serves as the interpretative reference on governmental GAAP, governmental best practices and governmental audits for governments, auditors and educators nationwide. Eric will be an additional resource for the City and available to assist or consult as needed.

Firm Qualifications and Experience

Online Publications – the City will also have access to resources on our Eide Bailly Government Industry website. We publish articles related to hot issues within the government accounting arena. Below is a list of some of the recent articles posted to our website, as well sent as an email to all of our clients:

- Common Single Audit Findings and Remediation Series: Matching, Level of Effort, and Earmarking
- Is Your Government Ready for This Fiscal Year-End and Beyond?
- Dispatches from GASB's Meetings
- Cybersecurity: Not Just an "IT" Issue
- Create an Internal Audit with More Value

Visit our website to sign up for our newsletters, e-blasts and webinars: www.eidebailly.com/insights

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Firm Qualifications and Experience

Implementation of New Standards

In an industry where standards continually evolve and change, Eide Bailly makes it a priority to stay current and assist our clients with necessary changes. In addition to helping clients implement new standards, we also help them adapt to changes within the existing standards.

Additionally, several Eide Bailly professionals serve on committees that have input into how new standards are written. This enables us to be involved from the beginning and influence the final outcome. Our clients benefit from our strong understanding of the standards and how they may affect their organization. We will work with the City to create a plan to address new standards one to two years prior to implementation. The following new standards are set for implementation as indicated below:

Effective Date – Periods Beginning *After*	Statement	FY Ending June 30
December 15, 2018	**GASB Statement No. 84** – *Fiduciary Activities*	2020
December 15, 2018	***Implementation Guide 2019-2*** – *Fiduciary Activities*	2020
December 15, 2018	**GASB Statement No. 90** – *Majority Equity Interests*	2020
June 15, 2019	***Implementation Guide Update 2019-1***	2021
December 15, 2019	**GASB Statement No. 87** –*Leases*	2021
December 15, 2019	**GASB Statement No. 89**–*Accounting for Interest Cost before the End of a Construction Period*	2021
December 15, 2019	**Implementation Guide 2019-3** – *Leases**	2021
December 15, 2020	**GASB Statement No. 91** –*Conduit Debt Obligations*	2022
Proposed GASB Pronouncements (if approved as drafted)		
Portions upon issuance, otherwise June 15, 2020	***Omnibus 20XX***	Upon issuance or 2021
December 15, 2020	***Internal Revenue Code Section 457 Deferred Compensation Plans That Meet the Definition of a Pension Plan and Supersession of GASB Statement 32***	2022
June 15, 2021	***Subscription-Based Information Technology Arrangements***	2022
June 15, 2021	***Public-Private and Public-Public Partnerships and Availability Payment Arrangements***	2022

*In the process of publication at the time of submission.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Partner, Supervisory and Staff Qualifications and Experience

We're passionate about our work—and your success. We have selected professionals for your service team who are the right fit for your engagement, based on their knowledge and experience in the governmental industry.

Ahmad Gharaibeh will lead the engagement team and serve as the Audit Engagement Partner and David Showalter will serve as the Quality Assurance Partner. Joe Escobar will serve as the Manager and James Ramsey will serve as the Assisting Senior Audit Manager. These professionals are licensed to practice public accounting and bring strong credentials and a desire to work with the City. If awarded these engagements, these individuals will serve as your primary contacts. Additional resources will support the project team as necessary.

Because we are committed to the government industry, we provide our professionals, as well as our clients, with specific, ongoing training related to governmental issues. This investment ensures not only our people, but the public sector in general stays current on the unique challenges and opportunities that are present so that as many people as possible are in the best position to address these issues.

Senior Associate and Staff Members

All of our seniors have more than two years of experience in public accounting, with several who specialize in the government industry. We require Yellow Book compliance for all members of our assurance staff. This means no fewer than 24 hours of specific Government Education courses each two-years. Most members of our audit staff significantly exceed that amount.

Once an agreeable timeline has been determined, we will assign a few of our talented seniors and staff to your engagement.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Partner, Supervisory and Staff Qualifications and Experience

We know the importance of a strong business relationship, so we keep staffing changes to a minimum year-to-year. Eide Bailly has a high retention rate, allowing us to provide stability. Your local Palo Alto service team has extensive experience in the Government Industry. You'll find profiles for each team member in Appendix A. The following information will provide an overview of your service team:

Ahmad Gharaibeh, CPA

PARTNER

Ahmad will serve as the engagement partner and will be responsible for directing the activities of the team, coordinating all services, and ensuring the timely delivery of quality services. He has more than 20 years in public accounting with experience in the governmental industry throughout his career. Ahmad serves on the CalCPA Association of Government Accountants Silicon Valley Committee, and also serves on the California Society of Municipal Finance Officials East Bay Chapter (CSMFO), Peninsula Chapter and Monetary Chapter. His focus in the governmental industry are primarily on general purpose governments cities, special districts, transit, and financing authorities. Ahmad holds the Certified Public Accountant (CPA) designation and is located in our Palo Alto, California office.

David Showalter, CPA

PARTNER

David will serve as the technical review partner and will be responsible for performing a quality review of the financial report prior to issuance and consulting on questions that arise during the course of the engagement. He has more than 18 years in public accounting with experience in the governmental industry throughout his career. David serves on the CalCPA Governmental Accounting & Auditing Committee, and also serves on a consultative group for the Governmental Accounting Standards Board (GASB). His focus in the governmental industry are primarily on general purpose governments (cities and counties), special districts, hospitals, and financing authorities. David holds the Certified Public Accountant (CPA) designation.

Joe Escobar, CPA

MANAGER

Joe will serve as the audit project manager and will be responsible for the day to day management and delivery of services to the City. He has more than 6 years in public accounting with experience in the governmental industry throughout his career. Joe has experience and expertise in performing and managing audits of local governmental entities. Joe specializes in audits of cities, special districts, stand-alone enterprise funds and single audits. Joe holds the Certified Public Accountant (CPA) designation and is located in our Palo Alto office.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Partner, Supervisory and Staff Qualifications and Experience

James Ramsey, CPA

SENIOR MANAGER

James Ramsey will serve as the additional resource manager and will be responsible for assisting in the management of the project. He has more than 14 years in public accounting with experience in the governmental industry throughout his career. James' career started off as an accounting manager at a local governmental and therefore has a unique perspective relative to how processes work in an organization. His specialties include cities, counties, special districts, financing authorities, transit authorities and single audits. James holds the Certified Public Accountant (CPA) and Certified Fraud Examiner (CFE) designations.

Tommy Bowen, CPA

SENIOR AUDITOR

Tommy Bowen will serve as the in-charge and will be responsible for the daily audit work, supervision of staff and execution of audit plan for the City. He has more than 6 years in public accounting with experience in the government and tax industry throughout his career. His focus has been on performing audits of cities, counties, special districts and other local governmental entities. Tommy holds the Certified Public Accountant (CPA).

Other Seniors and Audit Associates

Additional seniors and audit associates will be assigned to the project.

Staff Availability

We monitor the number of employees and match their skills and capacity to the number of clients. Before responding to this RFP, we checked our team's capacity level to make sure they are available. We will continue to monitor and measure performance of our employees and their skills as they relate to the City's projects. Additionally, we will monitor the City's satisfaction with Eide Bailly to ensure the level of service being offered meets your satisfaction.

Affirmative Action

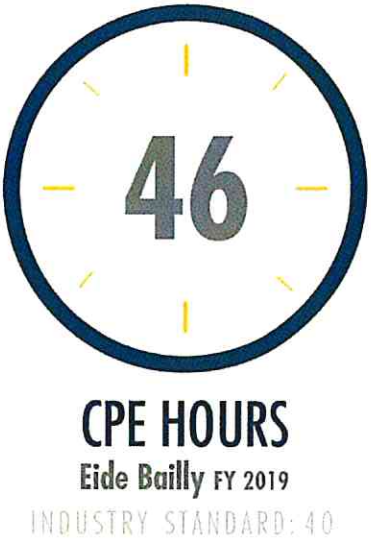
Eide Bailly adheres to the principles of Affirmative Action through our daily human resources and business operations practices. All members of Eide Bailly operate within the Affirmative Action guidelines and value its objectives.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Partner, Supervisory and Staff Qualifications and Experience

Continuing Education

Because we are committed to the industries we serve, we provide our professionals with specific, ongoing training. This investment ensures our people stay current on the unique challenges and opportunities within the industry sectors so that they are in the best position to help clients address these issues.



Firmwide, our continuing professional education program requires all professional staff obtain education that exceeds the requirements of the American Institute of Certified Public Accountants (AICPA) and where applicable, *Government Auditing Standards*. The firm places a strong emphasis on lifelong learning and recognizes the importance of developing our professionals to best serve our clients. This past year we provided our client service professionals with an average of 46 hours of professional education, compared with the 40-hour accounting industry requirement. In addition, we regularly share information among the audit teams in different offices to ensure we are providing clients with the latest thinking and best possible solutions. Our governmental professionals obtain continuing professional education through the following means:

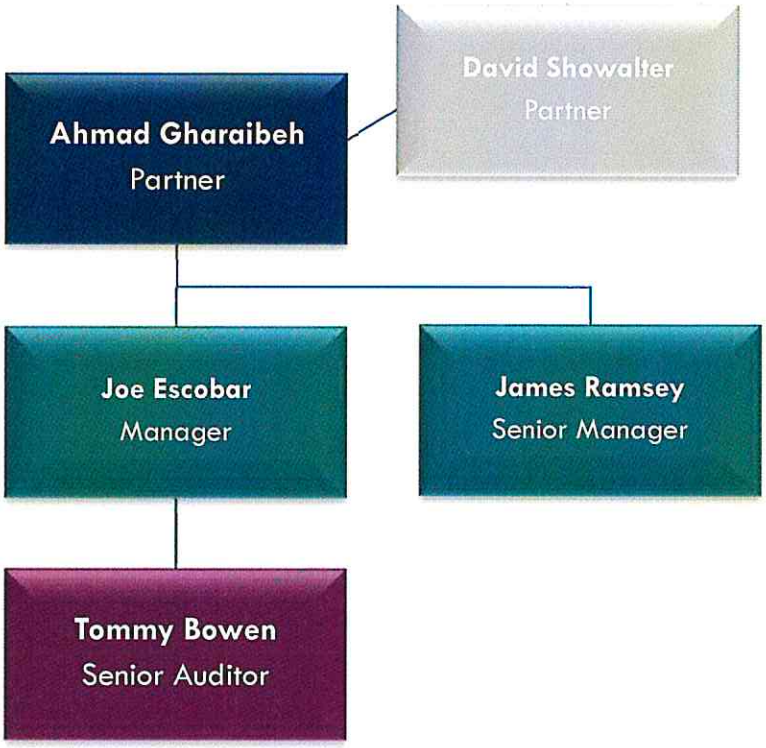
- Government-specific seminars sponsored by the AICPA and Government Audit Quality Center (GAQC).
- Seminars sponsored by the Government Finance Officers Association (GFOA).
- Involvement with local chapters of the GFOA (we teach and attend GFOA conferences, regularly).
- Eide Bailly seminars specific to governmental issues which are taught by our experienced managers and partners.

By expanding our knowledge of issues important to government organizations, we are able to provide more in-depth, knowledgeable solutions to our clients. Additional communications, webinars and training are provided throughout the year on a variety of topics important to state and local governments.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

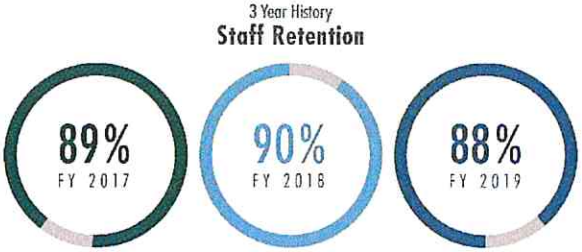
Partner, Supervisory and Staff Qualifications and Experience

We're passionate about our work—and your success. We have selected professionals for your service team who are the right fit for your engagement, based on their knowledge and experience in the Government Industry.



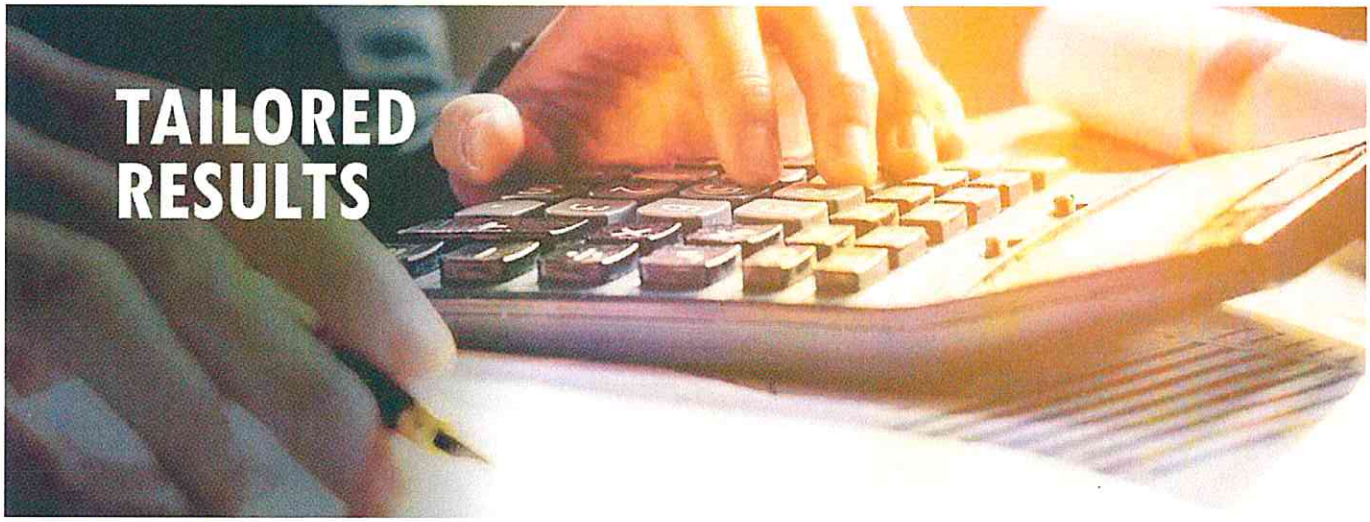
Staff Continuity

To help ensure a strong business relationship and to minimize disruptions, we keep staffing changes to a minimum. Compared to the national average, Eide Bailly experiences a high retention rate which translates to providing our clients with consistent service teams. We will strive for continuity of staff for your engagement. With this continuity comes quality, as team members' knowledge of your organization grows from year to year.



Should the need arise to change any of the key engagement personnel, we will notify you in writing and provide the qualifications of the proposed replacement. Upon your approval, new engagement personnel will join your service team.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal



Audit Approach

Audit Methodology

At Eide Bailly, we promise you a better overall experience. While we recognize that multiple firms are capable of accomplishing the objectives of an audit, Eide Bailly appreciates that every situation and every organization is different, and we tailor our approach based on the needs of each client.

Eide Bailly values its business relationships and demonstrates this through our partner and manager involvement. Our senior level professionals are involved with our clients and accessible throughout the year. They do not delegate all tasks to staff, but rather stay involved onsite during fieldwork as well as stay connected throughout the year. This approach delivers the greatest benefit to our clients in that we are able to stay abreast of changes in and updates to our client's operating environment and partner with them to achieve optimal results.

Our clients experience a communication approach that stands apart in both style and frequency. Because we recognize that effective communication is critical throughout the entire audit process, our service approach is one where communication begins with planning and continues throughout the year. Additionally, we take a collaborative communication approach with our clients and include them in the process as our peers. Our clients offer a wealth of knowledge and information about their organization and communicating with them as a business partner ultimately produces the best outcome.

Prior to beginning the engagement, we will discuss with management:

- The engagement timeline.
- The audit approach and process.
- Additional considerations that may affect scope, schedules and work papers to be prepared by your personnel.

Upon appointment as your auditor, we will discuss the audit schedules and work with you to ensure the timeline meets your needs and makes the most effective use of your staff members' time.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Audit Approach

Level of Staffing and Number of Hours

Below is our proposed level of staffing and estimated hours for each segment of the audit.

	Partner	Manager	Supervisory & Sr. Staff	Staff	Admin	Total
Planning	4	12	4	0	2	**22**
Interim Fieldwork	10	20	90	20	4	**144**
Final Fieldwork	22	48	156	56	14	**296**
Total	**36**	**80**	**250**	**76**	**20**	**462**

Audit Process

Our audit approach is designed to collaborate with the City and achieve optimal results. The approach consists of five major components: Planning, Interim, Fieldwork, Reporting, and Ongoing Communication. If awarded, we will discuss with management our proposed schedule but have the flexibility to make any changes in order to meet the reporting deadlines. The objectives of each component are described in the following pages.

Planning

- Discuss and finalize the engagement timeline, audit approach and process.
- Discussions with management and accounting staff, including the Board, if requested, to address any risks or concerns that they may have.
- Evaluate the nature of the operating environment (for example, changes in volume, degree of system and reporting centralization, sensitivity of processed data, the impact on critical business processes, potential financial impacts, planning conversions, and economic and regulatory environment).
- Review of interim financial information and reports to identify significant risks and changes early.
- Review of significant estimate areas and consideration of underlying assumptions early in process.
- Gain an understanding of the City and its reporting units and their environments.
- Documentation of internal control systems, including IT, and related changes from prior periods.
- Consideration of fraud, risk of noncompliance, illegal acts, abuse, etc.
- Assessment of audit risk and identification of potential audit issues.
- Assessment of materiality and testing scopes to the extent possible and presentation of audit plan.
- Preparation and communication of audit request lists and work papers.
- Development expectations regarding timing and audit progress.
- Gain understanding of single audit programs and perform an analysis of potential major federal programs.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Audit Approach

Interim Fieldwork – Single Audit

Our approach to performing the single audit is broken into three different phases:

- Phase I – Risk assessment and planning.
- Phase II – Major program testing.
- Phase III – Assessment and reporting.

Phase I – Risk Assessment and Planning

This phase basically encompasses the planning and risk assessment of your federal programs. The planning phase, if done correctly, will set the tone of the single audit as well as set the stage for an efficient and effective single audit. We will work closely with management to properly identify federal programs and clusters to determine the major programs to be tested.

The steps associated with risk assessment and planning include:

- Determine grant awards and funding increments.
- Determine the Type A and Type B thresholds.
- For any programs above the threshold (Type A) perform a review of the past two single audits and document the program risk to determine if the program is high risk or low risk.
- Make final determination of major programs to be tested based on the above steps.
- Review the applicable Uniform Guidance *Compliance Supplement* for any unusual items for each of the major programs, as well as determine which compliance areas are direct and material for each major program.

Phase II – Major Program Testing

After making the major program determination as noted above, we will test the major programs. Our steps for each major program is as follows:

- Obtain the audit steps from the Compliance Supplement which provides the audit steps for each major program.
- Based on the direct and material compliance areas identified during the planning phase, obtain from management the process and controls relating to those direct and material compliance areas. The controls for each compliance area need to address the five components of Committee of Sponsoring Organizations of the Treadway Commission (COSO) as required by Uniform Guidance.
- Select samples for control and compliance testing.
- Perform control testing for effectiveness and compliance testing of selected transactions.
- Report any material weaknesses or material noncompliance to the City's management.
- Provide periodic meetings to discuss the status of the Single Audit testing. Any potential findings are discussed with management while our auditors are in the field and are concluded during fieldwork.

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Audit Approach

Phase III – Assessment and Reporting

The above steps are based on the preliminary SEFA. Once the SEFA has been finalized, we will determine if any additional major programs are to be tested. We will perform the following steps:

- If additional major programs have been identified, perform the steps as noted in the major program testing for the new programs.
- Review the prior findings, if any, and perform steps to determine if the findings were cleared by management and do not need to be reported during the current year.
- Prepare the Schedule of Findings and Questioned Costs.
- Have an exit conference with management and key grant personnel and provide a draft report of the single audit as well as any Yellow Book findings required to be reported. These findings are reviewed by the manager and engagement partner prior to the exit conference. This is done so there are no surprises after we pull out of the field.

Interim Fieldwork – Financial Statement

- Discussions with management to determine internal controls, perform walk-throughs and discuss any potential audit issues.
- Determine audit procedures by area, based on results of audit planning and risk assessment.
- Determine confirmation needs.
- Prepare listing of audit information requested from the City.
- Review minutes, resolutions and ordinances.
- Perform tests of legal compliance.
- Weekly updates to the City staff.
- Exit conference with management.

Final Fieldwork

- Audit areas based on risk assessment.
- Obtain and prepare schedules and analyses supporting the financial information.
- Discuss findings with management, if any.
- Discuss proposed journal entries with management, if any.
- Finalize single audit testing.
- Weekly updates to the City staff.
- Exit conference with management.

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Audit Approach

Reporting

- Review of the financial statements by the partner over the engagement
- Review of financial statements by a partner not otherwise associated with the audit to obtain a "second opinion" on the completeness and adequacy of financial statement disclosures and audit procedures.
- Completion of management letters and review with management.
- Preparation of other communications to management and Board.
- Assistance with preparation of the Data Collection Form and the preparation of the reporting package for submission to the Federal Audit Clearinghouse.
- Presentation to Board at its regularly scheduled meeting, if requested.

Ongoing Communication

- Obtain interim financial statements throughout the year for review
- Analyze significant changes and identify areas to further tailor our audit plans and to keep us up-to-date with continuing changes
- Compare the interim results to year-end results for the past few years to identify potential issues in the financial reporting process
- Participate periodically at your Board meetings, and any other meetings, at the Council's request

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Audit Approach

Using Information Technology Auditors

As part of any financial audit, Eide Bailly is required under auditing standards to obtain a sufficient understanding of the accounting system and technology environment in order to plan the audit. It is our philosophy to not only meet but also exceed this requirement by involving Eide Bailly's dedicated technology specialists to participate in audits as deemed appropriate.

Our IT methodology is based on American Institute of Certified Public Accountants (AICPA) guidelines, the internal controls framework prescribed by Committee of Sponsoring Organizations of the Treadway Commission (COSO), and the best practices for technology controls as defined by the Control Objectives for Information and Related Technology (COBIT) developed by the Information Systems Audit and Controls Association (ISACA). When auditing the technology environment, we evaluate both the general technology controls and specific application controls that are in effect. This requires our IT auditors to consider how the accounting systems, infrastructure, processes and people work individually and together to ensure that financial records are being appropriately processed and reported. As such, we must work with IT staff to assess how the relevant systems and technology environment are administered and supported, and with accounting staff to evaluate how financial data is processed and system controls are maintained to enforce segregation of duties.

Eide Bailly has extensive experience integrating a variety of IT services into our audit engagements across organizations in the public, private and nonprofit sectors. These experiences include auditing of IT operations, security and software development as well as conducting both internal and external network vulnerability tests. In addition, we have former federal and local law enforcement computer forensic specialists that utilize the latest tools to analyze and investigate digital media for a wide range of purposes.

We have seasoned professionals with years of relevant technology experience, many of whom carry a myriad of certifications, including the following designations:

- Certified Information Systems Auditor ("CISA").
- Certified in Risk and Information Systems Control ("CRISC").
- Certified Information System Security Professional ("CISSP").
- Certified Information System Manager ("CISM").
- Certified Financial Systems Auditor ("CFSA").
- Certified Ethical Hacker ("CEH").
- Certified Public Accountant ("CPA").
- Certified Common Security Framework Practitioner ("CCSFP").
- GIAC Security Essentials Certification ("GSEC").
- Certified Internal Auditor ("CIA").
- Certified Government Audit Professional ("CGAP").
- Certified Risk Management Assurance ("CRMA").
- Certified Information Technology Professional ("CITP").
- Certified Penetration Testing Engineer ("CPTE").

Our experience with audits of various entities requires adherence to various standards surrounding internal controls including the COSO Framework, generally accepted government auditing standards (GAGAS) and Federal Information System Controls Audit Manual (FISCAM). We work with all our clients to help them understand the updated COSO framework. We have conducted training on COSO and risk assessments nationwide and believe we will add value and improve the effectiveness of the risk management, control and governance processes.

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Audit Approach

Use of Technology

Eide Bailly staff utilizes progressive and effective software to streamline processes and make them as efficient as possible. These technologies include:

EB Connect (Client Portal)

The Eide Bailly Client Portal is the standard for delivering electronic documents in a secure manner to and from our clients. Email is not a secure means of exchanging documents and our client portal can handle much larger files than email.

Clients know their confidential information is secure and safe and appreciate the improved organization, documentation and communication by using the Client Portal. Many efficiencies are created by leveraging technology and sharing information and knowledge on the Client Portal and result in reducing the amount of time needed on site during an engagement.

Eide Bailly performs all engagements in a paperless environment. By utilizing paperless processes, we are able to bring experts from across our firm into every engagement. What this means to you – better service, timely reporting and cost-effective solutions.

Data Extraction Software

Eide Bailly designs our approach to incorporate the use of TeamMate Analytics--to maximize efficiency while conducting a very effective audit. Through TeamMate, we can extract information from related databases and create databases that check for duplicate payments, summarize payments, and extract journal entries from specific accounts, develop expectations for analytical procedures and recalculate system calculations among a host of other procedures that are developed by our audit team.

Other Tools

- **Accounting Research Manager (ARM)** – Internet access of all accounting and auditing standards. Areas include GASB, FASB, AICPA, PCAOB and other resource material. We can access this material at any given time and can provide a quick response to any technical question you may have.
- **CCH ProSystem fx Engagement by Wolters Kluwer** – Software to facilitate the audit, retains the electronic workpapers and supporting documentation, performs project tracking, and facilitates quality review.

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Audit Approach

Supervisory Review and Quality Control Procedures

All of our documents have levels of review. The various levels are determined by our risk assessment during the planning stages of the audit. Typically, a review will include the following:

- **Seniors** will review all work performed by staff.
- **Managers** will review work performed by seniors as well as review key significant areas that was prepared by staff and reviewed by the senior. Some of these areas include accounts receivable, investments, capital assets, long term debt and pension liabilities, other liabilities, net position classification and single audits.
- **Partners** will review areas that are deemed high from a risk perspective as well as the single audit.
- **Technical review** will review the report for proper and technical aspects making sure everything is report properly. As a firm, we require all single audits and reporting to be reviewed by another partner with specific government experience.

We will hold an exit conference with management and provide periodic written or oral reports on the status of the audit to representatives of the City. The success of the audit is dependent on the amount of open communication throughout the year and not just during the audit period. We will work closely with management and the accounting personnel throughout the audit process and will hold weekly meetings to go over open items as well as discuss any potential accounting or compliance issues identified during the audit. We believe in no surprises. When we perform the exit conference, we will hold a final discussion on any potential findings and will come to a conclusion during the conference. Our goal is to have no additional findings subsequent to the exit conference.

Analytical Procedures

Eide Bailly will apply analytical procedures throughout general planning to improve our understanding of your operations and to identify audit areas for increased attention. These will be applied to assist in planning the nature, timing and extent of other procedures. They will be applied to all balance sheet, revenue/receipt and expense/expenditure areas. These procedures include, but are not limited to, the comparison of current year to prior year and budget amounts. Areas that show results different from those anticipated or planned will be further investigated to determine the validity of the variance.

During the year-end audit fieldwork, we use analytical procedures to test whether errors affecting account balances or classes of transactions have occurred by comparing the recorded amount with an independently developed expectation of that amount. We develop the expectation in such a way that a significant difference between the expectation and the recorded amount is indicative of a financial statement misstatement, unless we can obtain and corroborate explanations for the difference. Analytical procedures are a natural extension of our understanding of your business because the key factors that influence your business may be expected to affect the financial data.

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Audit Approach

In the audit reporting phase, we perform a final analytical review at the financial statement level as the last step to ensure that we have gained a comprehensive understanding of the financial statements during the audit engagement and to determine whether the financial statements are appropriately presented and contain appropriate disclosures. Such final analytical procedures highlight and explain significant changes from the previous year and ensure that such changes are consistent with the knowledge of your business and our audit evidence. These procedures typically consider trends based on several previous years instead of comparison only with the prior period.

Internal Control Structure

A significant aspect of the planning process involves understanding each reporting units' internal control environment, including information technology (IT) controls and, where relevant, testing of internal controls.

The following is a summary of the process Eide Bailly uses regarding internal controls over financial reporting and compliance:

Internal Controls over Financial Reporting

Our approach will start with any documentation related to internal controls that have already been developed. We review that documentation to obtain an overview of the internal control system and then conduct interviews with the City's staff to complete the documentation of our understanding related to internal controls and significant changes each year.

After conducting the interviews, we will evaluate the internal control system design and expected operating effectiveness for significant areas depending on the reporting unit. We expect that by completing control testing in these areas, it will allow us to reduce substantive testing and conduct an efficient audit. Our approach toward control testing will be focused on key process controls or overall system controls, rather than detailed control process testing. We will also focus on key IT related controls in process areas such as revenue, payroll and claims, as they tend to allow more efficiency for an audit perspective relative to the control process.

Eide Bailly utilizes a risk-based approach incorporating both control testing and substantive tests of balances, where appropriate. In certain areas that we do not consider as significant, we will plan to conduct the audit using a primarily substantive approach. It has been our experience that it is often more efficient and effective to substantively audit a balance rather than complete an extensive control test.

Internal Controls over Compliance

Our approach for internal controls over compliance associated with federal programs is similar to the approach regarding internal controls over financial reporting related to accumulation, documentation, and evaluation of the control environment.

Test of controls over compliance are required for major federal programs. Our approach is to identify key controls applicable to direct and material compliance requirements for testing, as well as incorporating results from tests of internal controls over financial reporting and IT.

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Audit Approach

The approach we will take to gain an understanding of your internal controls includes:

- Interview the City personnel.
- Review organizational charts, accounting and procedure manuals and programs.
- Complete internal control questionnaires.
- Write-up system narratives.
- Evaluate items selected for testing.
- Review controls over financial information systems.

The timely completion of this work will assist us in performing our work efficiently and communicate any potential recommendations as soon as possible.

In addition, our engagement approach is based on the following:

- Observations we believe will help the City achieve its objectives will be shared. We will also be pleased to respond to inquiries you may have about financial or other business matters.
- The assistance to be provided by your personnel, including the preparation of schedules and analyses of accounts, will be discussed with the finance department. The timely completion of this work will assist us in performing our work efficiently.

Statistical Sampling

Sampling may be performed for tests of controls, compliance testing and substantive tests of certain accounts and transactions. During our audit of basic financial statements, we will also select various transactions for testing based on materiality assessed at the appropriate level. These transactions may include such items as capital asset additions, expenditures, subsequent disbursements and subsequent receipts. We will be pleased to discuss specific sample sizes and selection methods when they are determined, either during audit planning or during fieldwork.

We will select the appropriate sample size to support our conclusions in compliance with laws and regulations. We will use confirmations in the areas of cash and investments, receivables and other areas deemed necessary.

Determining Laws and Regulations Subject to Audit Test Work

During the planning process, we will also discuss with the City management and personnel the laws and regulations to which the City is subject. The objective of our discussion will be to determine those laws and regulations that could have a material impact on the financial statements and those laws and regulations pertinent to the City's federal financial assistance programs. Pertinent to our discussion will be our knowledge of such laws and regulations, and our knowledge of *Government Auditing Standards*. We are aware of the applicable requirements and consider them when determining the necessary audit procedures for the City.

We will perform tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. We will assess the risk of material misstatement resulting from violations of laws and regulations having a direct and material effect on the determination of financial statement amounts. These laws and regulations can relate to items such as budgetary compliance, purchasing compliance and cash and investment compliance, as well as single audit compliance, as applicable.

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Audit Approach

We will combine compliance tests of laws and regulations that involve the inspection of documentation supporting transactions with substantive tests of transactions and tests of control procedures. Our audit will meet all federal and state requirements, as applicable. Samples will be used to the extent necessary to support our conclusions on compliance with laws and regulations.

Ability to meet deadlines and shorten the time in the field

We understand the frustrations of an audit firm not meeting your stated deadlines. We commit that we can, **and will**, meet your deadlines as well as shorten the amount of time needed in the field. Our experience with other governmental audits has enabled us to fine-tune our audit process. This translates to a smooth and more efficient audit for you while meeting your deadlines and keeping our fees at a reasonable rate.

Multi-Year Approach

We attempt to retain the majority of the audit team in order to develop a historical perspective of the operating and control environment of the City. This historical perspective allows us a deeper understanding of the risks surrounding the City and the opportunity to perform a thorough audit without a learning curve. The result of our preliminary review is a planned calendar of audit events, timing and expectations based on the budgets and related materials, organizational charts, manuals and programs, and financial and other management information systems.

We also have the resources within our offices to change your current engagement team while retaining the historical perspective that we gain over the years, if you feel you would benefit from auditor rotation. The individuals in Eide Bailly's government group have extensive experience in the industry and benefit from the firm's focus on continuing education. Our governmental professionals are well-positioned in organizations associated with governmental entities, such as the American Institute of CPAs (AICPA) and Governmental Audit Quality Center, the primary purpose of which is to promote the importance of quality government audits. We have also held leadership roles in the Government Finance Officers Association (GFOA).

We will be available to the City throughout the year as a resource to answer questions, have discussions and confirm the appropriate accounting treatment for unique or infrequent transactions.

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Audit Schedule

We understand your requested timeline and are committed to meeting your deadlines.

Eide Bailly commits to you that if your team is prepared for the audit when our team is in the field, we will meet your deadlines. We will work closely with your team through the planning stages to clearly define expectations and the items required from your team in order to facilitate an efficient audit to enable us to meet your deadline. The following table identifies the structure of our audit for the City reports and the timing of each section.

Activity	Timing
Planning	March
Interim Fieldwork	June - July
Final Fieldwork	September - October
Exit Conference	September - October
Reporting	November
Ongoing Communication	Year Round

We will meet your deadlines. By engaging in thorough audit planning and communications with management, we begin each engagement with a strong understanding of the various deadlines for each of the financial and single audits and the steps involved along the way to meet these deadlines. An audit project plan will be developed between our team and the City and then followed closely, and we will work with the City's management team to customize our auditing services and specific timelines to your needs. We believe in clear, up-front and open communication with no surprises.

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Similar Engagements with Other Government Entities

As a top 25 CPA firm, we've built our business on relationships and believe our clients to be the best critics of our service. The clients below have similarities to your organization, and we encourage you to contact them to learn about their Eide Bailly experiences.

Similar Clients

City of Fairfield

Mike Less, Accounting Manager
1000 Webster St., Fairfield, CA 94533
707.428.7515
mless@fairfield.ca.gov
Most recent audit: Fiscal year ended June 30, 2019, Number of Years: 6+
Total Hours: Approximately 900

Scope of Work:
Comprehensive Annual Financial Report – GFOA, Fairfield and Suisun Transit Enterprise Fund, Solano County Animal Control Authority, Single Audit, State Controller's Reports, GANN Limit Agreed Upon Procedures, Golf Course Agreed Upon Procedures
Sports Restaurants, Inc. Agreed Upon Procedures
HUD REAC

City of Walnut Creek

John Furtado, Finance Manager
1666 N. Main St, Walnut Creek, CA 94596
(925) 943-5800
Furtado@walnut-creek.org
Most recent audit: Fiscal year ended June 30, 2019 Number of Years: 6+
Total Hours: Approximately 600

Scope of Work:
Comprehensive Annual Financial Report – GFOA, Single Audit, and GANN Limit Agreed Upon Procedure

City of Capitola

Jim Malberg, Finance Director
jmalberg@ci.capitola.ca.us
420 Capitola Ave, Capitola, CA 95010
831.475-7300
Most recent audit: Fiscal year ended June 30, 2019, Number of Years: 3+
Total Hours: Approximately 600

Scope of Work:
Comprehensive Annual Financial Report – GFOA, Measure D sales tax, Single Audit, GANN Limit Agreed Upon Procedures

City of Glendale

Shu-Jun Li, Deputy Director of Finance
613 E. Broadway, Glendale, CA 91206
818.548.2085
sli@glendaleca.gov
Engagement Partner: David Showalter
Most recent audit: Fiscal year ended June 30, 2019 Number of Years: 5+
Total Hours: Approximately 800

Scope of Work:
Comprehensive Annual Financial Report – **GFOA**, City of Glendale Housing Authority, City of Glendale Water and Power, HUD REAC, Single Audit (Section 8), GANN Limit Agreed Upon Procedures

Town of Hillsborough

Jan Cooke, Finance Director
1600 Floribunda Avenue
650-375-7408
jcooke@hillsborough.net
Most recent audit: Fiscal year ended June 30, 2019, Number of Years: 3+
Total Hours: Approximately 500

Scope of Work:
Comprehensive Annual Financial Report – GFOA, Measure A, AB 1600 SB 1760, GANN Limit Agreed Upon Procedures

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Why Choose Eide Bailly

WE WANT TO WORK WITH YOU.

To us, work isn't just work; we see it as a chance to help you solve problems, achieve goals and pursue passions. After thoughtfully reviewing your needs and taking the time to understand your business, we feel we're the best fit for this opportunity.

We can connect you with the knowledge, resources and solutions that help bring confidence to your business decisions. We want to work with you!

If you have questions or would like additional information, don't hesitate to contact us. We want to make sure you have everything you need to make your decision.

Ahmad Gharaibeh, CPA
Partner
650.462.0400
agharaibeh@eidebailly.com

What inspires you, inspires us.

We're driven to help clients take on the now and the next with inspired ideas, solutions and results. We look forward to working with you.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Appendix A – Team Profiles

TEAM PROFILES

DAVID SHOWALTER, CPA

Partner

INSPIRATION: I truly enjoy serving my clients and assisting them with complex accounting and financial reporting issues. What really excites me is developing long-term business relationships with my clients and building on that trust and relational experience to continuously provide the highest level of service.

916.999.8502 | dshowalter@eidebailly.com

David has focused his practice on conducting audits and advisory services for state, regional and local governments, including state departments, counties, cities, special purpose governments, utilities, transportation, First 5 commissions, and health care providers. He is responsible for the oversight of audit and advisory engagements and also, as appropriate, for the recommendation of internal control structures and best practices.

Previously, he worked for one of the international Big 4 accounting firms working within the SEC and governmental arena and providing assurance services to manufacturing, retail and service entities, including SEC reporting and filing. His combined experiences have provided a base for his clients to trust the reliability and accuracy of the accounting and compliance information that he provides.

The healthcare industry is one that continues to grow rapidly within California, and the regulatory environment continues to provide our clients with challenges in meeting the needs of the public while adhering to the reporting and compliance requirements that come with receiving federal and state dollars. The hospitals and healthcare facilities that David works with include both nonprofit organizations as well as governmental healthcare facilities.

David provides annual training to firm staff through in-house continuing professional education to ensure consistency and knowledge are not just at the partner level but also with the entire team providing services to our clients. He also provides annual audit and accounting updates for many of his governmental clients and industry groups.

Memberships

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

Designation/Licensures

Certified Public Accountant

Education

Bachelor of Science, Business Administration, Accounting – California State University, San Bernardino

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David's clients trust his level and depth of knowledge of the reporting and compliance requirements under generally accepted accounting principles, including changes promulgated through the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB), Generally Accepted Government Auditing Standards and the Federal Uniform Guidance. With David's experience working with a variety of governmental, healthcare and not-for-profit entities, he provides a unique perspective to his clients and in the evaluation of their financial reporting, internal controls and governance.

Outside of work, David enjoys spending time with family, traveling and serving in his church.

Client Work

More than 19 years conducting audits of governmental and not-for-profit entities.

Serves on the CalCPA Governmental Accounting & Auditing Committee.

Served on a consultative group for the Governmental Accounting Standards Board (GASB).

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AHMAD GHARAIBEH, CPA

Partner

INSPIRATION: I truly enjoy helping my clients. The government accounting industry continues to change, and I enjoy assisting my clients understand the changes and how to implement them.

650.462.0400 | agharaibeh@eidebailly.com

Ahmad provides audit and accounting services to a variety of organizations focusing primarily on municipalities, including cities, transit water, sewer and sanitation districts, joint powers authorities, transportation agencies, community colleges and other special districts. He has performed the financial and compliance audits of federal awards in accordance with OMB Circular requirements to entities receiving over $100 million in federal funds. His Single Audit experience includes audits of programs from the Department of Transportation, Department of Education, .Department of Defense, Department of Health and Human Services and a variety of other agencies. In addition to audits of governmental agencies, he provides audit and accounting services to commercial industry entities, including health care and manufacturing.

Ahmad is a speaker at many of the municipal CalCPA local chapters including Monterey Bay/Santa Cruz, Alameda and the Peninsula local chapter of the CSMFO.

Ahmad is lead of the governmental audit practice in the bay area and services clients with revenues exceeding one billion dollars. He has over 20 years of experience in auditing public agencies.

Ahmad provides other services to his governmental clients which includes forensic auditing, internal audit services and consultation on various aspects of accounting for municipal agencies.

Ahmad has advised and assisted many clients with disclosure and financial reporting requirements pursuant to the GFOA certificate program.

Memberships

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

Designation/Licensures

Certified Public Accountant

Education

Masters of Accountancy – East Tennessee State University

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Joe Escobar, CPA

Manager

650.462.0400 | agharaibeh@eidebailly.com

Joe has over 6 years of experience assisting clients with their assurance needs. Throughout his career, he has specialized in performing audits of governmental entities including cities, special districts, state agencies and stand-alone enterprise funds. Joe also has extensive experience in performing single audits and assisting clients to ensure they comply the requirements of the Uniform Guidance.

As a lead project manager, Joe manages all parts of the engagement from start to finish and serves as a resource for any client needs. Joe has experience in leading assurance engagements for a variety of clients, from larger entities that hold financial statement line items worth billions of dollars to small special districts. He believes that proper planning, organization and on-going communication throughout the year are the keys to a successful engagement for entities of any size. He always delivers timely work to meet her clients' internal and external deadlines and he is available to serve as a resource and assist clients throughout the year. He also provides insight to clients on issues that may arise including complex accounting transactions, new accounting standards and understanding best practices in internal controls.

Joe has provided training to our audit associates through in-house conferences to ensure consistency and knowledge throughout the entire team providing services to our clients. He also provides training on audit and accounting updates for many of his governmental clients and presents at Continuing Professional Education (CPE) events hosted by the firm for our governmental clients and industry groups.

Memberships
American Institute of Certified Public Accountants

California Society of Certified Public Accountants

Designation/Licensures Certified Public Accountant

Education
Masters of Accounting and Financial Management – Keller Graduate School of Management

Bachelor of Science, Business Administration - University of California, Riverside

Client Work

Worked with various governmental entities leading assurance engagement teams through planning, performing and supervising engagements.

Experience providing financial statement auditing and compliance testing, including single audits required by Uniform Guidance.

Serves as a resource to provide expertise on accounting issues throughout the audit process as well as the rest of the year.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

JAMES W RAMSEY, CPA, CFE

Senior Manager

INSPIRATION: My favorite part of the job is getting to know my clients and providing them with excellent service. I particularly enjoy when they bring a complex problem that requires a lot of collaboration and research.

916.999.8511 | jramsey@eidebailly.com

James provides accounting, assurance, and advisory services to governmental agencies throughout California. His expertise includes audits of governmental agencies, nonprofits and large Single Audits. James is also a presenter for his clients presenting on topics including the Single Audit and updates to U.S. GAAP.

Before going into public accounting, James began his career in the Finance department of a small city and performed most, if not all, of the functions of a finance department during his seven years there. This unique background and expertise allows James to provide more focused advisory services and solutions to his clients.

When not working, James unplugs by going on a long run on the American River Parkway in Sacramento or in the trails around Lake Tahoe.

Client Work

Provides audit and other assurance services to governmental and nonprofit clients of varying sizes.

Communicates and presents on upcoming changes and implementation of U.S. GAAP and Single Audits.

Memberships

American Institute of Certified Public Accountants

California Society of CPAs

Association of Certified Fraud Examiners

Designation/Licensures

Certified Public Accountant

Certified Fraud Examiner

Education

Bachelor in Business Administration with an emphasis in Accounting - California State University, San Bernardino

Masters in Accountancy - California State University, San Bernardino

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

TOMMY BOWEN CPA

Senior Associate

916.999.8514 | tbowen@eidebailly.com

Tommy has worked in Public Accounting for over 6 years, working both in both in Tax and Audit. He specializes in city and county governments, including those with successor agencies, and special districts.

His experience in audits includes servicing a variety of governmental agencies from cities and counties to special purpose governments including water and sanitation districts and a variety of component units.

Client Work

Executed and supervised successful audit engagements to various governmental clients.

Memberships

American Institute of Certified Public Accountants (AICPA)

California Society of Certified Public Accountants

Designation/Licensures

Certified Public Accountant

Education

Bachelor of Liberal Studies, California Polytechnic State University, San Luis Obispo
Master of Science, Accountancy Master of Science, Taxation California State University, Sacramento

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Appendix B – Other Services and Additional Resources

INTERNAL AUDIT AND THOUGHT LEADERSHIP

We are proud to include David Sundstrom as an Internal Audit and Governmental Implementation specialist; David was most recently a board member for the Governmental Accounting Standards Board (GASB). Prior to his service with the GASB, his reputation as auditor/controller for Sonoma and Orange Counties, the former Auditor for the 22 campus California State University system, among other governments throughout California is beyond reproach.

David Sundstrom, CPA, CIA
SENIOR MANAGER OF GOVERNMENT PRACTICE – INTERNAL AUDIT
T: 916.246.4740 EMAIL: DSUNDSTROM@EIDEBAILLY.COM

David delivers projects that concentrate on economy, efficiency, and the effectiveness of operations. He has a well-established record of being a champion of transparency. David is an exceptional listener and uses a systems approach to identify impairments to achieving peak performance and to exploit opportunities.

Client Work

Established internal audit functions at the University of California, Davis, the California State University System, the County of Orange and the County of Sonoma.

Led successful (on time, under budget and within scope) financial and personnel system implementations.

Restructured county retiree medical program eliminating a liability of $943 million.

Co-developed 38 standards of the Governmental Accounting Standards Board.

Helped move a county bond rating from unrated status (bankruptcy) to AA+.

Statement of Education and Training Programs Directly Applicable to this Engagement for David Sundstrom:

Curriculum Name	Hours
Governmental GAAP Update (Instructor)	3
California Society of CPAs Government Accounting and Auditing Conference	6
Government Finance Officers Association Annual Conference	16
Developing an Internal Audit Function (Instructor)	3
Internal Audit Summit	9
California Association of County Auditors State Controller Annual Conference	16
GASB At 35	4
GASB Board Member Meetings (Author)	20

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Eric Berman, CPA, CGMA
PARTNER OF GOVERNMENT PRACTICE
T: 208.424.3524 EMAIL: EBERMAN@EIDEBAILLY.COM

Eric is a nationally recognized speaker, author, thought leader and auditor with a wealth of government client experience. He brings a unique perspective to the firm's clients as a former Deputy Comptroller of the Commonwealth of Massachusetts, a chief financial officer of a state agency and an audit partner with clients ranging from a well-known stadium to statewide pension systems.

Client Work

Helped government entities across the U.S. understand and implement GASB Standards.

Consulted with state and local governmental clients with governmental accounting, auditing and controllership services.

Assisted clients in earning the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

Authored the entire governmental library of reference information and audit programs for CCH Wolters Kluwer.

Served as Deputy Comptroller of the Commonwealth of Massachusetts for 11 years and held the position of Chief Financial Officer of the Massachusetts Water Pollution Abatement Trust for five years.

Statement of Education and Training Programs Directly Applicable to this Engagement for Eric Berman:

Curriculum Name	Hours
GASB Statement No. 87, Leases "Getting Going and a Deeper Dive PART 2	3
In Focus: GASB Implementation Guides for Fiduciary Activities and Leases	2
2019 NASACT Annual Conference	12.5
Governmental and Auditing Update Conference 2019	16.5
2019 Professional Development Training (AGA)	7
2019 GAQC Annual Update Webcast	2
GASB Leases: What Preparers & Auditors Need to Know to be Ready for Implementation	2
Association of Government Accountants- Principal	2
Governmental A&A Update 2019 (Instructor Credit)	16
Iowa Governmental Roundtable	2
Governmental Accounting and Auditing Conference	10.5
Governmental A&A Update 2018 (Instructor Credit)	16
2017 NASACT Annual Conference	15
Governmental Accounting Basics	3.5
2017 Professional Development Training	18

In addition, there are 40 hours *each* for CCH's *Governmental GAAP Guide, Governmental Practice Manual* and *Governmental GAAP Update Service* for 2017, 2018 and 2019 (360 hours).

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

Additional Resources

LET US HELP YOU WITH MORE.

We pride ourselves on being leaders in the government industry, offering valuable perspectives beyond our core strength of accounting and tax compliance. We're business advisors who want to help guide the strategy and operations of your organization, and we'll make sure you feel connected and understand the process. Our professionals work closely together so you receive valuable service from people who understand your needs and know your business.

When you work with us, you'll have access to the knowledge and talents of 2,500 professionals across our firm. This includes specialized tax knowledge, a full spectrum of audit/assurance services and our many specialized services, such as:

Cybersecurity

Our professionals have deep IT backgrounds, specializing in a broad range of security services allowing us to tailor solutions to your needs. We work with every level of your organization—your boards and executives, technical IT admins and general users—to provide insight and guidance so you can feel confident your data is protected.

Internal Audit

Our internal audit professionals bring strong process, procedure, internal control and risk management experience to your organization. We bridge these skills with specialized insight related to risk and compliance and specific industry knowledge to help your organization reduce risk and improve operational efficiency.

Forensic Accounting

We have seasoned professional with years of relevant investigative experience. We have served several hundred clients, including numerous governmental entities, with investigative needs.

Our forensic accountants are experienced in assisting with internal, civil, criminal and insurance recovery investigations related to allegations of theft, fraud and accounting irregularities. The forensic methodologies and technology used by our team of specialists help get to the facts of these situations and are court proven. We understand the urgency of resolving these types of matters and take pride in delivering a quality work product in an efficient and timely matter.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

OTHER SERVICES

The City has the following available to it at any time:

Consulting	Audit & Assurance	Tax
• Internal Audits	• Audits	• Cost Segregation Studies
• Performance Audits	• Compilations	• Estate, Trust & Gift Services
• Technology Consulting	• 401(k) and Employee Benefit Plan Audits	• International Tax
• Enterprise Risk Management	• International Financial Reporting Standards	• Low Income Housing Credits
• Financial Services	• Reviews	• R&D Tax Credits
• Forensic & Valuation	• Agreed Upon Procedures	• State & Local Tax
• Transaction Services	• SEC Services	• Tax Authority Audit & Correspondence
• Wealth Management	• Service Organization Control (SOC)	• Tax Planning & Preparation
• Cyber Security	• Single Audits	• Tax Research
• Data Analytics		

We invite you to view our website and learn more about the many services we offer: www.eidebailly.com.

Eide Bailly is seeing an explosion of interest in the areas of Cybersecurity, Internal Audit and Forensic Accounting in state and local governments nationally. We address these areas as follows.

Attachment: Eide Bailly LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for Fiscal

January 6, 2020

Sealed Cost Proposal

CITY OF CAMPBELL

Submitted By:

Eide Bailly LLP
Ahmad Gharaibeh, CPA
Partner
260 Sheridan Ave, Suite 440
Palo Alto, CA 94306

EideBailly®

VTD IS NOW EIDE BAILLY

vtd

Total All-Inclusive Maximum Price

The total all-Inclusive Maximum Price of Eide Bailly's proposal for professional auditing services of the City of Campbell is $288,824 including optional items as listed per the Request for Proposals (RFP) numbers 8-10.

The Price of Eide Bailly's proposal excluding the optional items 8-10 is $252,396.

Affirmations

This proposal to provide auditing services is firm and irrevocable for 180 days. We affirm our understanding of the services requested by the City, the work to be done, the time period of performance, and that the City desires an audit firm that provides consistency with staff. Eide Bailly's philosophy is to staff each of our audits with consistent staff in order to provide the most effective and efficient audit for our clients. As required by the Request for Proposal our audit plan covers the engagements for:

- City of Campbell Comprehensive Annual Financial Report
- Single Audit Report on Federal Awards
- GANN Limit Audit
- The Transportation Development Act per the Metropolitan Transportation Commission requirements
- West Valley Solid Waste Management Authority Basic Financial Statements
- State Controller City Financial Transactions Report (optional)
- Annual Street Report to the State Controller of California (optional)
- Preparation of the city's GASB 68 accounting entries (optional)

Ahmad Gharaibeh, CPA is entitled to represent Eide Bailly LLP and empowered to submit this Cost Proposal for Professional Auditing Services for the City of Campbell RFP released on November 6, 2019.

Sincerely,

Eide Bailly LLP
Ahmad Gharaibeh, CPA
Partner
260 Sheridan Ave, Suite 440
Palo Alto, CA 94306
650.462.0400
agharaibeh@eidebailly.com

Audit Cost Proposal

We are firmly committed to providing the City of Campbell (City) with a superior level of professional services. We strive to provide exceptional staff, quality, and value at the lowest possible fees. Our rates are competitive, even with our depth of experience and commitment to quality. However, we do not want fees alone to be an obstacle in the City's selection of Eide Bailly LLP. We would be happy to discuss and negotiate such fee issues and responsibilities with you.

Service	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
City Audit and Related Reports	$ 40,000	$ 40,800	$ 41,616	$ 42,448	$ 43,297
Gann Limit Review Report	500	510	520	531	541
Single Audit and Related Reports *	3,000	3,060	3,121	3,184	3,247
West Valley Solid Wate Management Authority	3,000	3,060	3,121	3,184	3,247
TDA Article 3 Audit	2,000	2,040	2,081	2,122	2,165
Out of Pocket Expenses **	-	-	-	-	-
Total for Fiscal Year (not-to-exceed) *Without Optional Items*	**48,500**	**49,470**	**50,459**	**51,469**	**52,498**
Optional Items					
Financal Transaction Report (FTR)	4,000	4,080	4,162	4,245	4,330
Annual Street Report	3,000	3,060	3,121	3,184	3,247
Assistance with GASB 68 accounting entries ***	-	-	-	-	-
Total for Fiscal Year (not-to-exceed) *With Optional Items*	**$ 55,500**	**$ 56,610**	**$ 57,742**	**$ 58,897**	**$ 60,075**

** per single audit program or cluster*

*** quoted prices are fixed rate, no variable or out of pocket expenses*

**** Eide Bailly will provide accounting entry assistance for GASB 68 & GASB 75 (if needed) free of charge if awarded con*

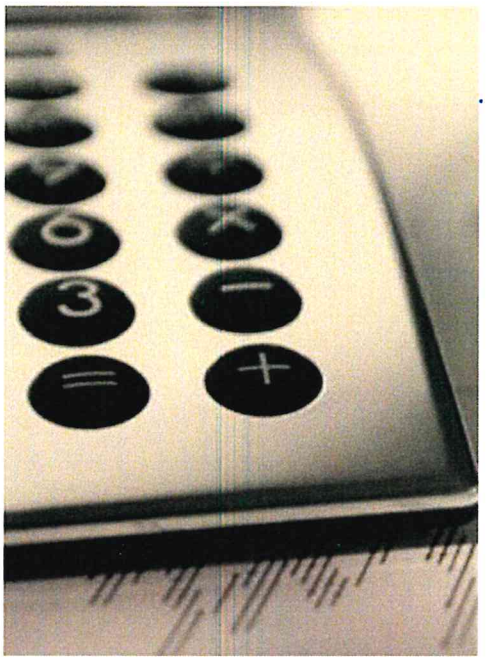
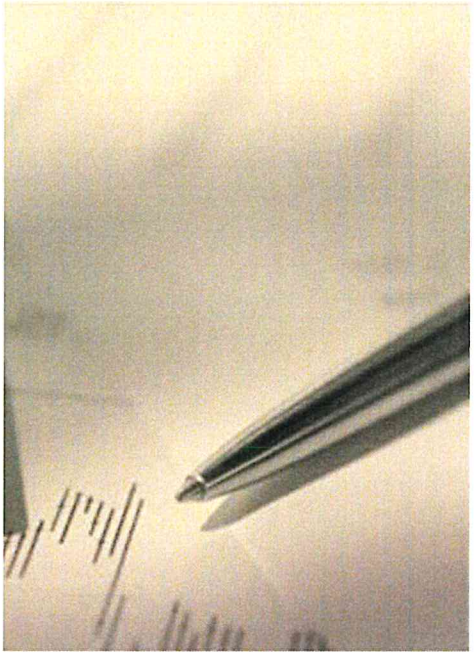
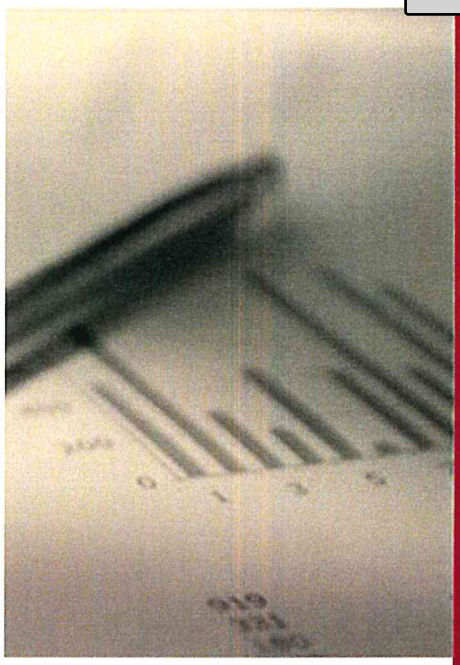
Manner of Payment

Provided below are the details from Attachment B – in the Request for Proposal:

Name of Firm: Eide Bailly LLP
Address: 260 Sheridan Ave, Suite 440
Palo Alto, CA 94306
Contact Name: Ahmad Gharaibeh, CPA
Contact Phone: 650.462.0400
Contact Fax: 650.462.0500
Contact E-mail: agharaibeh@eidebailly.com

Auditor's Standard Billing Rates

Positions	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Partner	$ 220	$ 224	$ 229	$ 233	$ 238
Manager	160	163	166	170	173
Supervisor	120	122	125	127	130
Senior Auditor	90	92	94	96	97
Staff Auditor	80	82	83	85	87
Administrator	60	61	62	64	65
Total					

TECHNICAL PROPOSAL

CITY OF CAMPBELL

CAMPBELL, CALIFORNIA

Proposal to Perform Financial Auditing Services

For the Fiscal Years Ending June 30, 2020 through 2022,
with option to extend for two (2) subsequent years

JANUARY 6, 2020

Kenneth H. Pun, CPA, CGMA
Managing Partner
2121 North California Boulevard, Suite 290, Walnut Creek, CA 94596
Phone: (949) 777-8801 | **Fax:** (949) 777-8850 | **Email:** ken.pun@pungroup.com

California CPA License Number: PAR 7601
Federal Identification Number: 46-4016990

THE PUN GROUP
ACCOUNTANTS & ADVISORS

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CITY OF CAMPBELL

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CITY OF CAMPBELL

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WHO WE ARE

"Combining decades of experience, integrity, technical expertise, a commitment to hard work, and continual learning and understanding, associates at The Pun Group are leaders in their field. We work with your team to lay out clear methodology and concrete objectives, then work with you and guide you through every engagement, keeping the goals squarely in front."

THE PUN GROUP
ACCOUNTANTS & ADVISORS

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

January 6, 2020

City of Campbell
Office of the City Clerk
Attn: Mr. Norite Vong, Finance Manager
70 North First Street
Campbell, California 95008

Dear Mr. Vong:

Please allow us to introduce our Firm and share our qualifications and proposed audit plan for the City of Campbell (the "City") pursuant to your Request for Proposal for Financial Auditing Services for the Fiscal Years Ending June 30, 2020 through 2022, with option to extend for two (2) subsequent years. The Pun Group, LLP (the "Firm"), has the knowledge and experience necessary to become the City's next public accounting firm, and the work plan to ensure a smooth audit process.

This letter is an acknowledgment of the Firm's understanding of the work to be performed. We hereby offer our commitment to deliver all of the required work, complete the audit, and issue the necessary auditor's reports within the time periods outlined by the City.

The Pun Group is the right choice for the City because:

Strong Presence in California. The Pun Group is reputable for its government and nonprofit practice in California. Currently, we are the principal auditors for cities such as Stockton, Clovis, Gustine, Lodi, Napa, Monterey, Placerville, Redding, San Bernardino, and several others. Accordingly, we have a deep understanding of the current demographic and the economic environment, and the local laws and regulations.

Recognized Leader in the Governmental Industry. The Pun Group is a proven leader in professional services to the government sector. We are the firm of choice for cities, special districts, transportation agencies, and medical centers throughout California. Since 2012, both bankrupted cities, Stockton and San Bernardino, selected The Pun Group as their primary auditor because we had the capacity, knowledge, and experience to assist them in auditing their complicated transactions. As a result, our engagement team was able to catch up and complete their long overdue audits within a short timeframe. We would credit part of our success to our professional's participation with various professional organizations, bringing to our clients unparalleled knowledge of regulatory agencies and standard setters such as AICPA, FASB, GASB, GAO, ASCPA, CalCPA, GFOA, League of California Cities, among many others. Such experience is critical to address emerging accounting and auditing issues within the government environment.

Experience with Implementation of New GASB Standards and Audit of Pension Plans. Our GASB Implementation and Pension Specialist, Mr. Gary Caporicci, has provided audit services of pension plans for the City of Oakland (CA), City and County of San Francisco (CA), City of San Diego (CA), City of Houston (TX), and others. **Mr. Caporicci is a leading expert and has authored and taught the courses for the CalCPA and AICPA on GASB 68**, *Accounting and Financial Reporting for Pensions* and on **GASB 75**, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Mr. Caporicci was the Conference Chair and Speaker at the **CalCPA Governmental Accounting & Auditing Conference** on May 7th, 2019. **Mr. Kenneth Pun** (Engagement Partner) was part of the Planning Committee and a Speaker at the aforementioned conference.

2121 North California Blvd., Suite 290, Walnut Creek, California 94596
Tel: 925-974-3394 • Fax: 949-777-8850
www.pungroup.com

CITY OF CAMPBELL

Letter of Transmittal

Our Commitment to Quality. The Firm is committed to providing piece of mind to our clients by providing the highest quality of professional services. The Firm is a member of the AICPA Governmental Audit Quality Center and has demonstrated our commitment to audit quality, including those performed under *Government Auditing Standards* and the Uniform Guidance. In addition, we are a recipient of the Single Audit Resource Center's Award for Excellence for 2017. This award is based on the positive feedback results from our clients in an independent survey, demonstrating our Firm's highest commitment to quality and client satisfaction. To further enhance our performance and quality, the Firm continually invests substantial resources in human capital and technology, incorporating the use of *Artificial Intelligence* technology into our audit process.

We understand that changing audit firms is not without its challenges. We value those relationships as well and therefore understand that it's important to have frequent communication and get up to speed quickly and efficiently. Our goal is to complete the audit in a way where we minimize disruptions to the City's daily operations. To accomplish this, we will:

- Develop a solid familiarity with the City's activities and processes.
- Create a detailed audit plan during the initial stages of the audit.
- Maintain on-going open lines of communication between the Engagement Team and the City's Management.
- Assign duties to staff members that are qualified and experienced.

This method ensures that the audit process will be performed steadily, progress communicated clearly, and work completed efficiently.

The Firm and all key engagement team professionals are licensed by the State of California to practice as Certified Public Accountants, and meet the Continuing Professional Education requirements under U.S. GAO's Government Auditing Standards to perform the proposed audits. The partners and all employees proposed to be assigned to the audit do not have a record of substandard audit work nor have any outstanding claim of substandard work or unsatisfactory performance pending with the State Board of Accountancy or other professional organizations.

The Firm is an Equal Opportunity Employer and complies with all Federal and State hiring requirements.

This proposal is a firm and irrevocable offer valid for 120 days from the date of its submittal.

We hereby acknowledge the receipt of the Q&A dated December 9, 2019.

I will serve as your primary contact for contract negotiations and stand steadfast to serve as your engagement partner. I am the managing partner and have been authorized to legally bind the Firm. Should you have any questions or wish to discuss this proposal, please do not hesitate to contact me at (949) 777-8800 or by email at ken.pun@pungroup.com.

Thank you, and we look forward to the opportunity of keeping your trust and business.

Kenneth H. Pun, CPA, CGMA
Managing Partner
The Pun Group, LLP

EXECUTIVE SUMMARY

"With more than 100 years of combined experience in the government and public agency space, we have become a trusted partner for jurisdictions throughout the western United States. The Pun Group provides strategic audit, accounting and consulting solutions that facilitate more informed decision-making by elected officials and staff."

THE PUN GROUP
ACCOUNTANTS & ADVISORS

THE PUN GROUP
ACCOUNTANTS & ADVISORS

CITY OF CAMPBELL

Executive Summary

License to Practice in California

The Firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants, and meet the Continuing Professional Education requirements under U.S. GAO's Government Auditing Standards to perform the proposed audits.

State of California
Department of Consumer Affairs
California Board of Accountancy
Pursuant to the provisions of Chapter 1, Division 3 of the Business and Professions Code, the firm of
THE PUN GROUP, LLP
is duly registered and entitled to practice as a partnership of
Certified Public Accountants
in the State of California
In Witness Whereof, the President and Secretary-Treasurer affix their hands and the seal of the California Board of Accountancy
on this seventeenth day of December, 2013
PRESIDENT
SECRETARY-TREASURER
PAR 7601

Independence

The Pun Group, LLP (the "Firm") requires all employees to adhere to strict independence standards in relation to the Firm's clients. These independence standards exceed, in many instances, the standards promulgated by the American Institute of Certified Public Accountants (AICPA).

The Pun Group, LLP certifies that it is independent of the City of Campbell (the "City") and/or its component units. The Firm meets independence requirements defined by the United States Government Accountability Office's (U.S. GAO's) Government Auditing Standards, and the American Institute of Certified Public Accountants (AICPA).

The Firm will give the City of Campbell written notice of any professional relationships entered into during the period of the agreement.

CITY OF CAMPBELL

Executive Summary

Firm Qualifications and Experience

The Pun Group, LLP, Certified Public Accountants and Business Advisors, founded in 2012, is a limited liability partnership. We are a full-service accounting firm comprised of forty (40) professionals providing auditing, accounting, and advisory services to our clients. Our Governmental Division comprises of thirty-five (35) full-time individuals. The Firm has no part-time employees.

The Firm's headquarter is located in Orange County, California with four branches in San Diego (California), Walnut Creek (California), Las Vegas (Nevada), and Phoenix (Arizona).

The combination of our hands-on experience and practical knowledge exercised by our audit professionals makes the Firm unique in our field. Our technical expertise and thorough understanding of current regulations and issues—along with the Firm's commitment to hard work, integrity, and teamwork on every engagement—enable us to help our clients succeed.

Our Partners' Group—which includes Kenneth H. Pun, Vanessa I. Burke, Frances J. Kuo, John F. Georger, Jr., Gary M. Caporicci, Coley Delaney, and Heidy K. Chow—provide auditing, accounting, and advisory services to numerous governmental entities throughout the United States. With more than one hundred (100) years of combined experience in the industry, we have become a trusted business partner, and are well-respected as leaders in the industry in one of the fastest growing firms. With nearly 100 government and not-for-profit audit clients and Partners who have a real passion for the industry, we believe we are unmatched regarding expertise.

All of our partners actively participate in industry associations focused on state and local governments. By participating in industry associations and activities, we are always up to date on the latest industry changes and the impact they will have on your operations. We will keep you, and our colleagues in the Firm, fully informed of these developments. Our team is committed to bringing the full breadth and depth of our expertise to the audit of the City offering outstanding value to you and your stakeholders. Our Managing Partner has published several thought leadership articles in the California State Municipal Finance Office magazine on auditing and other relevant topics.

A team of experienced accountants and financial professionals, The Pun Group, LLP seeks to provide dependable, tailored service to businesses across a wide spectrum.

Our *Walnut Creek* office, located at 2121 North California Boulevard, Suite 290, Walnut Creek, CA 94596 will perform the requested services for the City. However, we may assign additional staff from our other offices to the engagement, at no additional cost to the City.

While many accounting Firms can perform an audit, not all can build an excellent working relationship with their clients. The Pun Group, LLP prides itself on developing lasting, personal relationships with our clients. Our hands-on partner involvement and low personnel turnover are crucial tools to our success and highly beneficial to the City.

Affiliation with Allinial Global (Global Capabilities)

A MEMBER OF Allinial GLOBAL

The Pun Group, LLP is an independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Based in North America, Allinial Global offers international support by connecting its member firms to providers and global networks of accounting firms worldwide.

Memberships

The Pun Group, LLP is a member of the following professional organizations:

- America Institute of Certified Public Accountants (AICPA)
- AICPA Government Audit Quality Center (GAQC)
- AICPA Employee Benefit Plan Audit Quality Center (EBPAQC)
- AICPA Private Companies Practice Section (PCPS)
- California Society of Certified Public Accountants (CalCPA)

CITY OF CAMPBELL

Executive Summary

Our Services

Our partners and seasoned professionals are always available, guiding clients through their periods of rapid growth as well as the difficult times. And we're able to do that by offering a portfolio of accounting services that is as diverse as the jurisdictions and agencies themselves. The Pun Group, LLP has successfully provided professional auditing, accounting, financial reporting and management advisory/consulting services to a broad spectrum of governmental entities.

ASSURANCE

- Financial statement audits
- Compliance audits
- Performance audits
- Internal audits
- Service organization controls audits

ADVISORY

- Operational reviews/risk advisory services
- Forensic investigation
- Financial condition analysis
- Organizational structure review
- Cash flow analysis
- Debt restructuring consultation
- Litigation support and expert witness services

OTHER SERVICES

- Assistance with the preparation and review of the Comprehensive Annual Financial Report (CAFR)
- Government property lease excise tax compliance review
- Subrecipient monitoring
- Implementation of new GASB pronouncements
- Audit readiness services
- Contract Finance Director / Accountant services

New Service – Introducing Cannabis Compliance Services

In November 2016, California passed Proposition 64, the California Marijuana Legalization Initiative, also known as Adult Use of Marijuana Act. Proposition 64 legalized the recreational use of marijuana for adults aged 21 years or older, permitting use in a private home or at a business licensed for on-site marijuana consumption. It opens the door to commercial sales of marijuana. Many cities are now authorizing commercial cannabis to operate within their local jurisdiction. Compliance issues are common in California's newly regulated cannabis industry, which is no surprise given the complexity of the state's regulatory landscape.

The Pun Group, LLP has developed a platform to guide government agencies and commercial enterprises through the new and challenging steps in this emerging market. We have partnered with *Simplifya*, who has developed a cloud-based government agency / licensee compliance solution. *Simplifya*, headquartered in Denver, Colorado and at the forefront since legalization in Colorado, has been an industry leader in commercial cannabis compliance since 2016. This new software allows government agencies to monitor its licensees at every stage of the approval process. From initial licensing to renewal and continuing disclosure requirements. Your communities demand that these new cannabis businesses are operating based on the ordinances that you have passed. We can help ensure businesses are working in compliance and when they are not, you're notified.

The Pun Group, LLP has proven itself as a leader in the assurance and advisory field in the government arena. With the addition of *Simplifya* to our service offering, we have strengthened our position as a leading firm to help with your agencies' compliance needs and in unconventional areas, as they emerge.

Attachment: The Pun Group LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for

CITY OF CAMPBELL

Executive Summary

Staff Consistency

The Firm is committed to maintaining staff continuity throughout audit engagements. While we cannot guarantee that our staff members will stay with the Firm, we encourage loyalty by paying competitive wages, offering opportunities for promotion, using state-of-the-art equipment, and providing excellent working conditions. We also offer benefits including retirement plans, medical plans, profit-sharing programs, and continuing education. The Firm is an equal-opportunity employer and complies with all federal and state hiring requirements. The Firm also supports affirmative-action philosophies and works hard to provide opportunities for self-enhancement to members of disadvantaged groups.

We guarantee that the partners assigned to this audit will be involved throughout the entire engagement term, and that assigned staff members will return to the City in future years if they are still with the firm. One of our primary audit concerns is staff continuity, and our hands-on partner involvement ensures that qualified and experienced professionals will perform audits efficiently and effectively every year of the engagement.

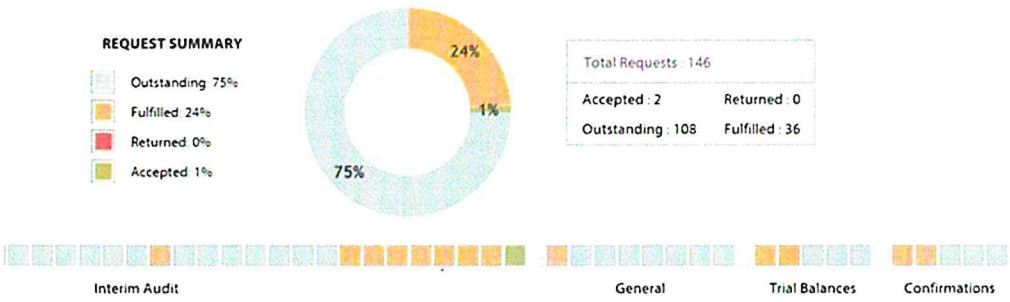
Local Office's Information Technology (IT) Audit Capabilities

The Pun Group, LLP continues our efforts in investing in our IT system to further enhance our security and promote audit efficiency.

Top security for your data is the key to our success. When we have your data virtualized, our Firm take all the preventive steps to avoid putting your information at risk. Our In-House IT administrator maintains our server to ensure our IT environment is being constantly updated with the latest security fixes. Through VPN and Microsoft Remote Desktop, our In-House network administrator can lockdown files and system access from a single point, limiting the ability for remote sites to take data from our server.

Access to systems from anywhere and anytime. With more mobility being the norm rather than the exception, our engagement team needs robust access to the engagement files when they are working in your office. Accounting and Auditing Software applications are installed in our "Private" server and can be securely accessed through VPN and Microsoft Remote Desktop. The Firm uses CCH ProSystem fx® Engagement for audit documentation, which allows real-time synchronization of the work papers and instant collaboration quality control review.

Secure Data File Transfer System. In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called Suralink. Suralink's dynamic request list is integrated with our secure file hosting system for seamless document-request coordination. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. You, as a client, no longer have to manually maintain a spreadsheet amongst several people only to repeat the process in a day or two. Not only makes the operation more cost-efficient, it enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. The Suralink dashboard, as shown below, allows you to visualize the process of the document-request fulfilment.



Attachment: The Pun Group LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for

CITY OF CAMPBELL

Executive Summary

External Peer Review

The Firm participates in the AICPA Peer Review Program, which is designed to identify weaknesses in accounting-service policies, practices, and procedures.

In 2018, an independent reviewer assessed the Firm's quality-control policies, reviewed administrative records, interviewed professional personnel, and inspected the Firm's working papers and reports from a representative sample of accounting and auditing engagements, including governmental audits. The reviewer concluded that the Firm fully complies with the AICPA's stringent standards for quality control.

A quality-control reviewer considers, among other things, a firm's policies regarding hiring, training, supervision, delegation of responsibilities, and access to technical resources.

The reviewer determined that the Firm's accounting and auditing work and internal quality-control system meet the AICPA's guidelines for professional standards.

The Firm's participation in the Peer Review Program demonstrates our commitment to quality. We also affirm our dedication to excellent client service through our voluntary memberships in the AICPA—including the AICPA's Governmental Audit Quality Center—and CalCPA.

EFPRGROUP, CPAs PLLC

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Corning, NY 14830

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W EFPRgroup.com

Report on the Firm's System of Quality Control

December 7, 2018

To the Partners of
The Pun Group, LLP
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of The Pun Group, LLP, (the firm), in effect for the year ended December 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and an audit of an employee benefit plan.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of The Pun Group, LLP, in effect for the year ended December 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. The Pun Group, LLP, has received a peer review rating of *pass*.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, NY

CITY OF CAMPBELL

Executive Summary

Federal or State Desk Review

No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners, managers, or professionals during the past three (3) years.

Disciplinary Action

No disciplinary action has been taken by state regulatory bodies or professional organizations against the Firm or any of its partners, managers, or professionals during the past three (3) years.

The Firm has no conditions such as bankruptcy, pending litigations, planned office closures, mergers or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the City of Campbell.

OUR PROFESSIONALS

"Our team of partners and professional personnel provide stability for our clients. Working with the same team year after year provides significant strategic benefit, and allows for the growth of our relationship. All of our partners draw on years of experience, and practice our corporate philosophy in all interactions."

THE PUN GROUP
ACCOUNTANTS & ADVISORS

THE PUN GROUP
ACCOUNTANTS & ADVISORS

CITY OF CAMPBELL

Our Professionals

Partner, Supervisory and Staff Qualifications and Experience

The Engagement Team is carefully chosen to provide the City with all the services needed to successfully complete the audit. The Engagement and Concurring Partners are personally involved in the audit, and the Engagement Team has significant experience in governmental auditing. Our broad experience and technical capabilities allow us to provide technical support, interpret findings, and offer effective solutions to any issues that may arise.

Your engagement team:

The personnel assigned to this engagement are fully qualified to perform an effective audit of the City, and their extensive experience will be critical to the audit process. Our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to, all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly known as OMB Circular A-133), and fund operations. They have held positions as professional certified public accountants but have also held significant roles within and outside of government agencies bringing to an agency as the City of Campbell the thought leadership, quality and level of experience you require.

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CITY OF CAMPBELL

Our Professionals

Kenneth H. Pun, CPA, CGMA | Engagement Partner
With over nineteen years of public accounting experience in the State and Local Government sector, Mr. Pun is the Managing Partner and an Assurance Partner at the Firm. Ken specializes in audits and management consulting for governmental organizations and has served as the Contract Deputy Finance Director for the City of San Marino in 2017. Mr. Pun also serves as the Chair of the California Society of CPAs Governmental Auditing Accounting Committee. Ken will actively act as the Engagement Partner with the assigned task of directly overseeing the Engagement Team, engagement planning and fieldwork, review for quality, and approve work papers and reports. He will be responsible for the timely delivery of all services for the City of Campbell.

Vanessa I. Burke, CPA, CPFO | Concurring Partner
Vanessa Burke is an Assurance and Consulting Services Partner with thirty (30) years of experience in providing audit and advisory services to local government agencies including cities, public pension plans, community colleges, college foundations, hospitals, school districts, county offices of education, special districts, and joint powers insurance authorities. not-for-profit organizations, and federal and state agencies. Vanessa will act as the Concurring Partner and provide second partner review of significant high-risk areas, audit reports, and in resolution of significant accounting, auditing, and reporting matters.

John ("Jack") F. Georger, Jr., CPA, CIA, CGMA | Engagement Quality Control Reviewer
Throughout his forty years of experience, Mr. Georger has spent many years in Big 4 and national firms and worked diligently alongside numerous governmental municipalities, including cities, counties, and transportation agencies, as well as not-for-profit entities, providing clients with financial and compliance auditing as well as consultation services. Mr. Georger annually instructs over 300 hours in accounting and auditing subjects and has authored training material in governmental accounting and auditing for the AICPA. Mr. Georger is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB) and Governmental GAAP Guide (GASB), the gold-standard for audit firms throughout the United States. As the Chief Quality Officer in our Firm, he advises clients with their complex accounting questions, and supports the engagement team with audit issues. Mr. Georger is responsible for the review of all reports issued by the Firm to ensure the utmost quality and compliance with professional standards. Mr. Georger is responsible for the final quality-control review within the engagement.

Gary M. Caporicci, CPA, CGFM, CFF | GASB Implementation Specialist
Gary Caporicci is an appointed member of the State Controller's Retirement Advisory Committee. Mr. Caporicci is a leading expert and has authored and taught the courses for CalCPA and AICPA on GASB 68, *Accounting and Financial Reporting for Pensions* and on GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Mr. Caporicci will utilize his expertise in providing advice and consultation during the implementation of the new GASB standards. As an assurance partner with over forty years of experience, Mr. Caporicci has provided financial and compliance audit and consultation services to governmental clients including cities, counties, transportation agencies, and school districts, as well as various not-for-profit entities. Mr. Caporicci will be responsible in providing advice and consultation for the implementation of new accounting standards.

Paul Phangureh, CPA | Financial Reporting Manager
Paul Phangureh is an Assurance Services Manager in the Firm whose extensive auditing experience includes cities, counties, special districts, and not-for-profit entities. He will work closely with the Assurance partners directing and supervising the audit team in its daily activities and tasks. Paul will serve as the primary point of contact for your team and will work to ensure the audit is conducted within the deadlines and will provide updates on our team's progress to the partners' and to you.

Andrew Roth, CPA | Compliance Manager
Andrew Roth holds his Advanced Certification in Single Audits through the AICPA, and years of experience auditing cities, counties, special districts, and not-for-profit entities. Mr. Roth will serve as the Compliance Manager, directing the audit team in all compliance-related matters including the Uniform Guidance and Single Audit, and reports issued under specific laws and regulations.

CITY OF CAMPBELL

Our Professionals

Albert Sutrisno, CPA | Senior Auditor
Albert will work with the audit staff and the City of Campbell personnel to create a seamless transition during the auditing process, and will secure the effective implementation of the audit approach.

Professional Staff
All governmental-audit members are qualified to perform financial and compliance audits of governmental agencies. This ensures that the staff quality will be consistent throughout the engagement term. Because we support both staff development and engagement continuity, we encourage senior and staff accountants to take increased responsibilities on their previous engagements as they advance professionally.

We commit to you if the City wishes to extend the annual contract beyond the proposed years, the Firm will accommodate requests by the City to rotate partners, managers and or supervisors assigned to the City's audit with personnel with similar or higher qualifications and experience.

If the Firm changes key personnel, we will provide the City with a written notification. Engagement personnel will only be changed with the express prior written permission from the City. Audit personnel may be replaced only by those with similar or better qualifications and experience.

Engagement Team Resumes

The City of Campbell deserves experienced professionals who work as a team. The Pun Group, LLP will provide qualified professionals to perform the audit. Resumes for key Engagement Team members follow.

CITY OF CAMPBELL

Our Professionals

Kenneth H. Pun, CPA, CGMA
Engagement Partner

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WEBSITE
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Licensed by the State of California

EXPERIENCE

Kenneth H. Pun is the Managing Partner and an Assurance Partner at The Pun Group, LLP, which he founded in 2012 after serving in senior-level positions for well-established national and regional firms. Under his leadership, The Pun Group has become one of the fastest growing in the region, currently ranking among the top 40, according to the Orange County Business Journal.

Prior to founding The Pun Group, Ken has served clients in a variety of industries, including small to large state and local governmental agencies, insurance companies, not-for-profits, healthcare, technology and manufacturing and distribution clients. His career in public accounting was spent primarily with the Regional firms and National firms.

Leveraging more than nineteen years of public accounting experience, Ken has earned a reputation of being a trusted advisor to governmental and Healthcare organizations throughout California and neighboring states. Municipalities and public agencies engage him because of his premier level of client service, commitment, and innovative methods of increasing operational efficiencies and reducing costs.

Ken maintains his deep commitment to professional education through his work as an instructor for CalCPA's Education Foundation. There, he teaches courses related to audits and quality control in local and state government. He also advises clients on those topics at influential industry forums. Internally, Ken mentors audit teams by providing direction and technical guidance to ensure adherence to the firm's quality controls.

EDUCATION

BS Degree in Business Administration, Emphasis in Accounting from the **University of California**, Riverside

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Chair, CalCPA Governmental Accounting and Auditing Committee
- Member, CalCPA Governmental Accounting and Auditing Conference Planning Committee
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Speaker, CSMFO Conference (2014)
- Instructor, CalCPA Fall Series (2014) – Long Beach and Orange County Chapter

RELEVANT EXPERIENCE

- City of Stockton
- City of San Bernardino
- City of Escondido
- City of Encinitas
- City of National City
- City of Chula Vista
- City of San Bernardino
- City of Clovis
- City of Desert Hot Springs
- Town of Danville

CONTINUING PROFESSIONAL EDUCATION

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF CAMPBELL

Our Professionals

Kenneth H. Pun, CPA, CGMA
Engagement Partner

OTHER RELEVANT EXPERIENCE

City of Desert Hot Springs | During the year ended June 30, 2013, the City entered into a very complicated financial arrangement, New Market Tax Credit financing, for the construction of the Desert Hot Springs Health and Wellness Center. Our firm has guided the City in addressing complex accounting issues and helped to draft the stand-alone financial statements to fulfill the additional reporting requirements under the New Market Tax Credit financing.

City of Stockton | The City of Stockton filed a petition for Chapter 9 bankruptcy protection with the United States Bankruptcy Court on June 28, 2012, the largest municipal bankruptcy at the time. The Firm was engaged as audit liaison and advisor in 2012 for the City's 2011 audit. The City also hired the Firm to help to draft the Comprehensive Annual Financial Report following U.S. GAAP and in compliance with GFOA guidelines for the certificate of achievement for excellence in financial reporting program.

With the superb services provided, the City of Stockton also engaged the Firm to provide audit service for the years ending June 30, 2012, through 2015 due to the early termination of the contract from its predecessor firm. Mr. Kenneth H. Pun has been assigned as the engagement partner who facilitated the audit process since then. The engagement team completed the audit and issued the audit reports for the year ended June 30, 2012, and 2013 within the one-year timeframe.

San Diego Metropolitan Transit System ("MTS") | On January 1, 2003, California Senate Bill 1703 (SB 1703) became effective. SB 1703 required the consolidation of the planning and programming functions of MTS and the North County Transit District (NCTD) into the San Diego Association of Governments (SANDAG) in an initial transfer to take place before July 1, 2003. SB 1703 also required the consolidation of specific project development and construction functions of MTS and NCTD into SANDAG in a subsequent transfer to take place before January 30, 2004. The initial transfer occurred on July 1, 2003, and the subsequent transfer occurred on October 13, 2003. With these actions, employees were transferred from MTS and NCTD to SANDAG, as well as specific planning, development, and construction functions.

After the enactment of SB 1703, Mr. Kenneth H. Pun was able to convert the MTS financial model from the general-purpose government to stand-alone business-type activities government under GASB Statement No. 34 in 2007. By doing so, MTS has significantly improved their financial reporting.

CITY OF CAMPBELL

Our Professionals

Vanessa I. Burke, CPA, CPFO

Concurring Partner

EMAIL
vanessa.burke@pungroup.com

WEBSITE
www.pungroup.com

Licensed by the State of California and Arizona

EXPERIENCE

Vanessa I. Burke is the partner-in-charge of the Arizona office for the Firm. In addition, she manages the firm's Northern California markets. Vanessa brings to The Pun Group over 30 years of combined experience in auditing, accounting, consulting and finance. She has served clients in a variety of industries, including small to large not-for-profit agencies, state and local governmental agencies, federal agencies, public pension plans, insurance companies, hospitals, universities, technology and manufacturing and distribution clients.

Her career in public accounting was spent primarily with the National firms of Moss Adams LLP, PricewaterhouseCoopers LLP, and Grant Thornton LLP, and regional/local firms where she has specialized in government and not-for-profit auditing and accounting. Vanessa has also held executive leadership positions as both CFO and Controller in government and in private industry where she has worked on financial restructurings, turnarounds, municipal bankruptcies, and distressed municipalities. In 2012, Vanessa was appointed as the Chief Financial Officer for the City of Stockton where she successfully navigated the finance and administrative services department through the City's chapter 9 bankruptcy filing and testified on trial during the bankruptcy hearings.

Vanessa is a frequently sought-after speaker and has presented on a variety of technical and non-technical topics for the ASCPA, CalCPA, Women in Public Finance, American Society of Women Accountants, California State University San Francisco, Santa Clara University, California State Municipal Finance Officers, the League of California Cities, and Beta Alpha Psi.

EDUCATION

- BS Degree in Business Administration, Emphasis in Accounting, from the **California State University**, Sacramento

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, Arizona Society of Certified Public Accountants (ASCPA)
- Member, Association of Governmental Accountants (AGA)
- Member, Women in Public Finance (WPF)
- Co-Chair, CalCPA Education Foundation Annual Government Conference
- Member, CalCPA Governmental Accounting and Auditing Committee
- Member, ASCPA Governmental Accounting and Auditing Committee

RELEVANT EXPERIENCE

- City of Sacramento
- City of San Jose
- City of Cottonwood, Arizona
- City of Oxnard
- City of Clovis
- City of Lodi
- City of Modesto – Internal Audit*
- City of Oxnard*
- City of Stockton (Chief Financial Officer)
- City of Beaumont

CONTINUING PROFESSIONAL EDUCATION

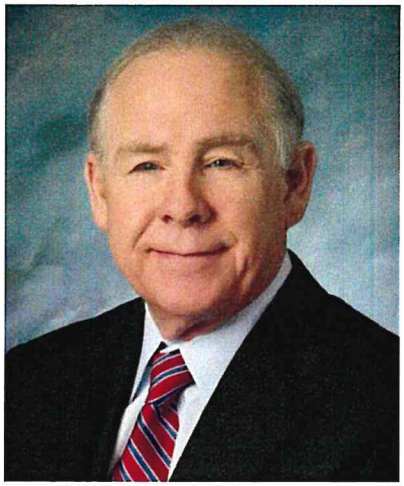
Various courses offered by the Firm, online through Thompson Reuters, AICPA, CalCPA Education Foundation including:

- 2017 Governmental Accounting and Auditing Conference (Chair)
- 2016 Governmental Accounting and Auditing Conference (Co-Chair)
- Ethics and Government Compliance
- Advisory Growth & Quality Workshop
- Ethics for California CPA's
- Fraud I: Prevention
- Independence Training for New Hires (SEC)
- Independence Training, Ethics in Practice
- Audit Evidence
- Introduction to Auditing Standards
- Management Representation Letters (SEC)
- Understanding and Evaluating Management Representation Letters (SEC)
- Information Technology General Control, Evaluating Deficiencies
- Internal Control – Business Processes and Control Activities
- 2016 State and Local Government Accounting and Auditing Update
- Personal Independence Compliance Training for Partners

CITY OF CAMPBELL

Our Professionals

John F. Georger, Jr., CPA, CIA, CGMA
Engagement Quality Control Reviewer



EMAIL
jack.georger@pungroup.com

WEBSITE
www.pungroup.com

Licensed by the State of California, New York, Virginia, Maryland, District of Columbia, Missouri (inactive), Connecticut (inactive), and Wyoming (inactive)

EXPERIENCE

Jack Georger is the Chief Qualify Officer within The Pun Group, LLP's Assurance division. By leveraging more than forty (40) years of public accounting and auditing experience in the government, agribusiness, financial services, manufacturing and non-profit sectors, Mr. Georger brings an in-depth knowledge and practical expertise to each client engagement.

Jack coordinates, plans, and manages financial audit activities, consulting activities, federal and state compliance audit activities, performance audits and numerous quality control and internal control reviews for a broad mix of governmental agencies and programs throughout the United States.

Mr. Georger leads our Peer Review department providing peer review services to other firms under the practice monitoring program of the AICPA.

Mr. Georger is a continuing professional education course instructor for the AICPA. Annually, he instructs over 300 hours in accounting and auditing subjects. He has authored training material in governmental accounting and auditing for the AICPA and is the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB) and Governmental GAAP Guide (GASB).

Mr. Georger is licensed to practice as a certified public accountant in the states of California, New York, Virginia, Maryland, District of Columbia, Missouri (inactive), Connecticut (inactive), and Wyoming (inactive), and is a Certified Internal Auditor (CIA).

EDUCATION

Bachelor of Science, **George Mason University Fairfax**, Virginia

LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Institute of Internal Auditors
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, New York Society of Certified Public Accountants (NYSSCPA)
- Chairman, NYSSCPA Government Accounting and Auditing Committee
- Member, NYSSCPA Auditing Standards Committee
- Member, NYSSCPA Sustainability Committee
- Member, NYSSCPA Not-for-Profit Committee
- Nevada Society of Certified Public Accountants (NSCPA)
- Member, Government Finance Officers Association (GFOA) – CAFR Reviewer
- Member, Institute of Internal Auditors

CONTINUING PROFESSIONAL EDUCATION

Instructor of over 300 hours of municipal accounting courses offered by the AICPA.
Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF CAMPBELL

Our Professionals

Gary M. Caporicci, CPA, CGFM, CFF
GASB Implementation Specialist

EMAIL
gary.caporicci@pungroup.com

WEBSITE
www.pungroup.com

Licensed by the State of California

EXPERIENCE

Gary M. Caporicci has more than forty years of diversified business experience, including a specialization in audit and management consulting for government organizations. Gary's clients include public and private universities and colleges, city and county governments, state agencies, joint power authorities, healthcare agencies, transportation agencies, and special districts. Known for his expertise in the areas of construction and government, Gary wrote the AICPA audit guides on these topics, and he has authored many audit and accounting courses for professional groups, as well as academic institutions. He frequently speaks and lectures at many professional organizations, governmental seminars, and conferences held by industry associations, other accounting firms, and universities. In addition, he authors white papers for the California Committee on Municipal Accounting.

Prior to working with the Firm, Gary founded his own accounting practice. He also spent eleven years with a "Big Eight" professional services firm, where he was an Audit Manager and gained broad experience in a wide range of industries such as government, construction, manufacturing, mutual funds, and insurance. Prior to that, Gary held a consultant position with a "Big Four" practice and was Vice President of a national insurance and financial services company.

In 2015 Gary Caporicci was appointed to the State Retirement Advisory Committee by the State Controller.

EDUCATION

BS Degree in Accounting and Finance from the **Armstrong University**

LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Author and Instructor, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Chair and Speaker, CalCPA Governmental Accounting and Auditing State Conferences
- Member, CalCPA Council
- Chair, California Committee on Municipal Accounting (CCMA)
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Governmental Accounting Standards Board (GASB)
- Member, Deposit and Investment Risks Disclosure Task Force (GASB No. 40)
- National Reviewer and Speaker, Government Finance Officers Association
- Adjunct Professor, National University
- Past Member, Texas Governmental Accounting and Auditing Committee
- GFOA Certificate for Excellence in Financial Reporting – Reviewer

CONTINUING PROFESSIONAL EDUCATION

Author and instructor of various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF CAMPBELL

Our Professionals

Paul Phangureh, CPA, CGAP
Engagement Manager

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WEBSITE
www.pungroup.com

Licensed by the State of California

EXPERIENCE

Paul Phangureh is a Manager at The Pun group, LLP with nearly six (6) years of public accounting experience as an external financial auditor. His special expertise includes evaluating and testing internal controls over financial reporting; performing financial statement audits, including comprehensive annual financial reports (CAFR), and compliance audits, involving agreed on procedures (AUP) for Investment and GANN Limit reports.

Paul has a broad knowledge of performance and single audits, budgeting, and government accounting. His public accounting experience focuses on the public sector (i.e. municipalities, counties, and special districts).

Before joining the firm, Paul worked for regional and national firms specializing in public sector audits.

EDUCATION

MS Degree in Accountancy, emphasis in Financial Reporting, from the **San Diego State University**

CGAP
Certified Government Auditing Professional®

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, Association of Governmental Accountants (AGA)

RELEVANT EXPERIENCE

- City of San Jose
- City of Palo Alto
- City of Freemont
- City of Portola
- City of Hercules
- County of Santa Clara
- County of Contra Costa
- County of Monterey
- County of Marin
- County of Glenn

CONTINUING PROFESSIONAL EDUCATION

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates
- Preparation of Tax Returns for Not-for-Profits

Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF CAMPBELL

Our Professionals

Andrew Roth, CPA
Compliance Manager

EMAIL
andrew.roth@pungroup.com

WEBSITE
www.pungroup.com

Licensed by the State of California and State of Arizona

EXPERIENCE

Andrew Roth is a Senior Manager within The Pun Group, LLP. He has more than eight years of governmental experience that ranges from GASB audit/reporting, Internal Controls/COSO Framework, Single Audit, Corporate Financial Reporting, Data Analysis and Taxation.

In various engagements, Mr. Roth has been involved in providing significant services to various governmental entities and actively contributed and participated in the planning process, implementation of the audit work plan, supervision of staff, compliance testing for the Single Audit Concept and preparation of the Comprehensive Annual Financial Reports.

EDUCATION

BA Degree in Accounting from the **San Diego State University**, California.

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT EXPERIENCE

- City of Stockton
- City of San Bernardino
- City of Placerville
- Town of Danville
- City of Lodi
- City of Clovis
- City of National City
- City of Shafter
- City of Beaumont
- City of Redding

CONTINUING PROFESSIONAL EDUCATION

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF CAMPBELL

Our Professionals

Albert Sutrisno, CPA, MBA

Senior Auditor

EMAIL
albert.sutrisno@pungroup.com

WEBSITE
www.pungroup.com

Licensed by the State of California

EXPERIENCE

Albert Sutrisno is a Senior Auditor within The Pun Group, LLP's Assurance division. In his three years of accounting and auditing experience, Albert has worked with governmental agencies, not-for-profit entities and private for-profit entities.

Albert has performed audits and other attestation services for several governmental agencies throughout California including cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts, and he has helped them publish their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

EDUCATION

- BA Degree in Accounting and Business Administration Emphasis in Entrepreneurial Finance from **Point Loma Nazarene University**.
- Masters of Business Administration from **Point Loma Nazarene University**.

LEADERSHIP & AFFILIATIONS

- Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT EXPERIENCE

- City of Stockton
- City of San Bernardino
- City of Escondido
- City of National City
- San Diego Metropolitan Transit System
- City of Placerville
- City of South Gate
- City of Encinitas
- City of Shafter
- Ventura County Transportation Commission

CONTINUING PROFESSIONAL EDUCATION

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF CAMPBELL

Our Professionals

Quality-Control System

Our Firm meticulously monitors the quality and contents of our reports. The Pun Group LLP is 100% committed to providing only the highest grade of work possible for our clients and for those who rely on our audits. The Firm strives to exceed professional industry standards because of the continuing respect for our clients and our emphasis on creating long-lasting relationships. The Pun Group LLP works exclusively with those who share the same moral integrity and values.

Our quality-control system has been crafted with excellence in mind. It not only meets AICPA standards but also matches our own elevated standards, which includes the following professional-development activities.

Professional Development

Each Engagement Team member is up-to-date with continuing professional education requirements. The Firm encourages staff members to participate in the continuing education programs offered by the AICPA and the CalCPA Education Foundation to always keep our staff well versed in the changing field and any new regulations. These classes include, among others:

- Basic Concepts of Governmental Accounting, Financial Reporting, and Auditing
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly known as OMB Circular A-133)
- Governmental and Nonprofit Annual Update
- Governmental Accounting and Auditing: The Annual Update
- Auditing Standards: A Comprehensive Review

Also, the Firm provides comprehensive in-house training for all levels of staff. The program includes seminars developed by the Firm, educational programs established by the AICPA and CalCPA, and on-the-job training.

Every year, all professional and administrative staff members receive an annual overview and review of topics such as these:

- Principles of accounting and financial reporting for state and local governments
- Governmental fund types
- Newly issued U.S. generally accepted auditing standards and government auditing standards
- Internal control evaluation approaches, including the COSO Internal Control Framework
- Updates on recent governmental accounting and reporting guidelines and pronouncements
- Single Audit requirements and approaches
- Risk-based audit approaches
- Working paper techniques
- Current issues facing the governmental community

These ongoing continuing education activities and training programs ensure that the Engagement Team is always receiving the most current and pertinent information; we believe that an educated staff is a necessity when providing the most efficient and effective audit of the City of Campbell.

EXPERIENCE AND APPROACH

"Our audits provide an objective view of each organization's financial situation. Our professionals will provide evidence-based advice for improved operating efficiency and strengthen internal control."

THE PUN GROUP
ACCOUNTANTS & ADVISORS

THE PUN GROUP
ACCOUNTANTS & ADVISORS

CITY OF CAMPBELL

Experience and Approach

Prior Engagements with the City of Campbell

The Firm had no engagements with the City of Campbell within the last 5 (five) years.

Similar Engagements with Other Government Entities

The following five clients are examples of some of the engagements that are similar to the requirements in the City of Campbell's proposal. Additional references are available upon request. Please feel free to contact these agencies to learn more about their experiences working with us.

City of Stockton	
First Year of Service:	2012
Current Contract Status:	In Force
Financial Statement Audit:	Yes
CAFR Preparation:	Yes
GFOA Award:	Yes
Single Audit:	Yes
GANN Limit:	Yes
Measure W:	Yes
Measure M:	Yes
AUP - Core Revenues:	Yes
Fire Dispatch Authority Audit:	Yes
Total Hours:	2,500
Contract Price (per year):	$332,350
Engagement Partner:	Kenneth H. Pun, CPA, CGMA
Concurring Partner:	Gary M. Caporicci, CPA, CGFM, CFF
Principal Client Contact:	Mr. Matt Paulin, Chief Financial Officer
Address:	425 N. Eldorado Street, Stockton, CA 95202
Email Address:	matt.paulin@stockton.ca.gov
Phone Number:	(209) 937-8460

City of San Bernardino	
First Year of Service:	2013
Current Contract Status:	In Force
Financial Statement Audit:	Yes
Financial Statement Preparation:	Yes
GFOA Award:	N/A
Single Audit:	Yes
GANN Limit:	Yes
Total Hours:	2,000
Contract Price (per year):	$200,000
Engagement Partner:	Kenneth H. Pun, CPA, CGMA
Concurring Partner:	Frances J. Kuo, CPA, CGMA
Principal Client Contact:	Mr. Brent Mason, Director of Finance
Address:	290 North D Street, San Bernardino, CA 92401
Email Address:	mason.br@sbcity.org
Phone Number:	(909) 384-5242

CITY OF CAMPBELL

Experience and Approach

City of Desert Hot Springs

First Year of Service:	2013
Current Contract Status:	In Force
Financial Statement Audit:	Yes
Financial Statement Preparation:	Yes
GFOA Award:	N/A
Single Audit:	Yes
GANN Limit:	Yes
Transient Occupancy Tax (TOT):	Yes
Total Hours:	400
Contract Price (per year):	$40,000
Engagement Partner:	Kenneth H. Pun, CPA, CGMA
Concurring Partner:	Frances J. Kuo, CPA, CGMA
Principal Client Contact:	Ms. Linda Kelly, Finance Manager
Address:	65-950 Pierson Blvd., Desert Hot Springs, CA 92240
Email Address:	lkelly@cityofdhs.org
Phone Number:	(760) 329-6411

City of Gardena

First Year of Service:	2007
Current Contract Status:	In Force
Financial Statement Audit:	Yes
CAFR Preparation:	Yes
GFOA Award:	Yes
Single Audit:	Yes
GANN Limit:	Yes
Municipal Bus Line Enterprise Fund:	Yes
Family Child Care Program:	Yes
AUP - Cash Receipt:	Yes
AUP - Wire Transfer Processes:	Yes
Total Hours:	700
Contract Price (per year):	$75,000
Engagement Partner:	Kenneth H. Pun, CPA, CGMA
Concurring Partner:	Frances J. Kuo, CPA, CGMA
Principal Client Contact:	Mr. Clint Osorio, Chief Fiscal Officer
Address:	1700 West 162nd Street, Gardena, CA 90247
Email Address:	cosorio@cityofgardena.org
Phone Number:	(310) 217-9500

San Diego Metropolitan Transit System

First Year of Service:	2005
Current Contract Status:	In Force
Financial Statement Audit:	Yes
CAFR Preparation:	Yes
GFOA Award:	Yes
San Diego Transit Corporation Employee's Retirement Plan:	Yes
Single Audit:	Yes
AUP - National Transit Database (NTD) for MTS:	Yes
AUP - National Transit Database (NTD) for San Diego Transit Corp. (SDTC):	Yes
AUP - National Transit Database (NTD) for San Diego Trolley, Inc. (SDTI):	Yes
AUP - Transportation Development Act (TDA) for MTS:	Yes
AUP - Transportation Development Act (TDA) for San Diego Transit Corp (SDTC):	Yes
AUP - Transportation Development Act (TDA) for San Diego Trolley, Inc. (SDTI):	Yes
AUP - Indirect Cost Rates:	Yes
Public Transportation Modernization Improvement Service Enhancement Account (PTMISEA):	Yes
Total Hours:	1,850
Contract Price (per year):	$220,000
Engagement Partner:	Kenneth H. Pun, CPA, CGMA
Concurring Partner:	Coley Delaney, CPA
Principal Client Contact:	Ms. Erin Dunn, Controller
Address:	1255 Imperial Avenue, Suite 1000, San Diego, CA 92101
Email Address:	erin.dunn@sdmts.com
Phone Number:	(619) 557-4563

CITY OF CAMPBELL

Experience and Approach

Firm's Governmental Clients

The Pun Group, LLP has performed numerous audits of organizations subject to financial and compliance audits. These audits were performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, Uniform Guidance (formerly known as OMB Circular A-133) and its Compliance Supplement (when applicable), Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines. A list of current governmental engagements is as follows:

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Arvin	2013 – Present	Yes	Yes	N/A	400
City of Bell	2018 – Present	Yes	Yes	Yes	520
City of Beaumont	2017 – Present	Yes	Yes	N/A	425
City of Bradbury	2012 – Present	Yes	N/A	N/A	150
City of Calexico	2007 – Present	Yes	Yes	N/A	750
City of Cerritos	2009 – Present	Yes	Yes	Yes	400
City of Clovis	2006 – Present	Yes	Yes	Yes	500
City of Coachella	2017 – Present	Yes	Yes	Yes	410
City of Cottonwood, AZ	2007 – Present	Yes	Yes	Yes	400
City of Culver City	2016 – Present	Yes	Yes	Yes	535
Town of Danville	1999 – Present	Yes	Yes	Yes	400
City of Desert Hot Springs	2013 – Present	Yes	N/A	N/A	400
City of Escondido	2016 – Present	Yes	Yes	Yes	400
City of Gardena	2007 – Present	Yes	Yes	Yes	700
City of Glendora	2017 – Present	Yes	Yes	Yes	430
City of Gustine	2017 – Present	Yes	N/A	N/A	400
City of Hemet	2015 – Present	Yes	Yes	N/A	380
City of Huntington Park	2015 – Present	Yes	Yes	N/A	650
City of Industry	2015 – Present	Yes	Yes	Yes	600
City of Lakewood	2013 – Present	Yes	Yes	Yes	380
City of Lodi	2018 – Present	Yes	Yes	Yes	760
City of Lynwood	2016 – Present	Yes	Yes	Yes	585
City of Monterey	2016 – Present	Yes	Yes	Yes	620
City of Morro Bay	2015 – Present	Yes	Yes	N/A	400

CITY OF CAMPBELL

Experience and Approach

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Napa	2019 – Present	Yes	Yes	Yes	900
City of National City	2013 – Present	Yes	Yes	Yes	600
City of Patterson	2017 – Present	Yes	Yes	Yes	450
City of Perris	2019 – Present	Yes	Yes	Yes	840
City of Placentia	2016 – Present	Yes	Yes	Yes	620
City of Placerville	2008 – Present	Yes	Yes	N/A	350
City of Pomona	2016 – Present	Yes	Yes	Yes	650
City of Redding	2016 – Present	Yes	Yes	Yes	500
City of Ridgecrest	2009 – Present	Yes	Yes	Yes	300
City of San Bernardino	2015 – Present	Yes	Yes	N/A	2,000
City of Seal Beach	2017 – Present	Yes	Yes	Yes	410
City of Shafter	2017 – Present	Yes	Yes	Yes	400
City of South Gate	2016 – Present	Yes	Yes	Yes	480
City of Stockton	2012 – Present	Yes	Yes	N/A	2,500
Imperial County Transportation Authority	2018 – Present	Yes	Yes	N/A	750
San Diego Metropolitan Transit System	2005 – Present	Yes	Yes	Yes	1,850
Shasta Regional Transportation Agency	2015 – Present	Yes	N/A	N/A	200
Ventura County Transportation Commission	2015 – Present	Yes	Yes	Yes	400
Adelanto Public Utility Authority	2018 – Present	Yes	N/A	N/A	165
Alameda County Water District	2018 – Present	Yes	Yes	N/A	585
Barstow Heights Community Services District	2015 – Present	Yes	N/A	N/A	40
Casitas Municipal Water District	2015 – Present	Yes	N/A	N/A	230
Central Basin Water District	2018 – Present	Yes	Yes	N/A	400
El Toro Water District	2015 – Present	Yes	N/A	N/A	270
Las Virgenes Municipal Water District	2014 – Present	Yes	N/A	N/A	300
Marina Coast Water District	2012 – Present	Yes	N/A	Yes	240
Menlo Park Fire Protection District	2015 – Present	Yes	Yes	Yes	240
North County Dispatch JPA	2015 – Present	Yes	N/A	N/A	60

Attachment: The Pun Group LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for

CITY OF CAMPBELL

Experience and Approach

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
Olivenhain Municipal Water District	2019 – Present	Yes	Yes	Yes	200
Orange County Coastkeeper	2015 – Present	Yes	N/A	N/A	60
Rancho Santa Fe Fire Protection District	2015 – Present	Yes	N/A	N/A	120
Riverside County Flood Control and Water Conservation District	2015 – Present	Yes	N/A	Yes	250
San Bernardino County Fire Protection District	2016 – Present	Yes	N/A	N/A	200
San Diego Coastkeeper	2015 – Present	Yes	N/A	N/A	75
San Dieguito Water District	2014 – Present	Yes	N/A	N/A	75
San Elijo Joint Powers Authority	2016 – Present	Yes	N/A	N/A	146
South Orange County Water Authority	2017 – Present	Yes	Yes	Yes	240
South Bay Regional Public Communications Authority	2015 – Present	Yes	N/A	N/A	100
Southwestern Community College District	2009 – Present	Yes	Yes	N/A	720
Valley Sanitary District	2015 – Present	Yes	N/A	Yes	140
West Valley Mosquito and Vector Control District	2016 – Present	Yes	N/A	N/A	100

Attachment: The Pun Group LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for

CITY OF CAMPBELL

Specific Audit Approach

The City of Campbell is requesting the Firm to perform annual auditing services. These audits are to be performed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
- The standards applicable to financial audits contained in the most current version of the Generally Accepted *Government Auditing Standards* (Yellow Book), issued by the Comptroller General of the United States.
- The provisions of the Single Audit Act as amended in 1996.
- The provisions of U.S. Office of Management and Budget (OMB) Uniform Guidance (formerly known as Circular A-133), Audits of State and Local Governments and Non-Profit Organizations and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- California State Controller audit instructions letters.

Scope of Work

The Firm will perform the following services:

✓ **Financial Statement Audits** and issuance of an opinion statement on the Comprehensive Annual Financial Report ("CAFR"). The audit will be conducted in accordance with Generally Accepted Government Auditing Standards. The CAFR will be in full compliance with all current GASB pronouncements. The following component units will be included in the City's financial statements:

- **City of Campbell Lighting and Landscape District**

Also, the City became the Successor Agency to the former Community Redevelopment Agency. The Successor Agency is defined as a private-purpose trust fund and will be part of the audit of the City's financial statements

✓ Provide assistance in meeting the requirements for the Government Finance Officers Association (GFOA) **"Certificate of Achievement for Excellence in Financial Reporting".**

✓ Prepare a **Single Audit Report** which will include the following:

- Report on compliance and on internal control over financial reporting based on audit of financial statements performed in accordance with Government Auditing Standards.
- Report on compliance with requirements applicable to each major program, internal control over compliance, and on the schedule of expenditures of federal awards in accordance with Uniform Guidance, "Audits of State and Local Governments", and the Single Audit Act of 1984 (Public Law 98-502).
- Schedule of Expenditures of Federal Awards.
- Notes to Schedule of Expenditures of Federal Awards.
- Schedule of Findings and Questioned Costs.
- Any other required schedules or reports.
- Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.

✓ Prepare report on the City's compliance with Proposition 111, Article XIII.B of the California State Constitution and Governmental Code 7900 (et seq.) in its calculation of the "**Gann Limit**".

✓ Issue letters required by the **Statement on Auditing Standards 114 and 115** and any future required standards that includes identification of the most sensitive disclosures affecting the financial statements and recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Management letters will be addressed to the City Council.

✓ Issue an examination report on management's assertion regarding compliance with **Measure O** each fiscal year. The engagement team will provide the City with a "Schedule of Measure O Revenues and Expenditures for the Fiscal Year" ("Schedule"). The engagement team will follow the deliverable' schedule requested by the City.

CITY OF CAMPBELL

Experience and Approach

- ✓ Perform an audit of and prepare basic financial statements and a management letter for the **West Valley Solid Waste Management Authority, a California Joint Powers Authority**.
- ✓ Perform an audit of the **Transportation Development Act (TDA)** funds (Article 3 Bikeway Program) from the Metropolitan Transportation Commission for bicycle and pedestrian improvements, when required.

Optional Items

- ✓ Provide, compile, and file the **Annual Financial Transactions Report (FTR)** to the State Controller of California, from data provided by City staff.
- ✓ Provide, compile, and file the **Annual Street Report to the State Controller of California**, from data provided by City staff.
- ✓ Assistance with **GASB 68** accounting entries as needed to record the City's net pension liability and related deferred inflows and outflows, **or other applicable GASB pronouncements** not yet in effect. We have a dedicated partner, Mr. Gary Caporicci, who will be responsible in providing advice and consultation for the implementation of these new standards.

Supplemental Reports, Audits, or Agreed-Upon Procedures: Other services, such as agreed-upon procedures may be deemed necessary. These services will be performed at agreed-upon rates and will be added in a written agreement prior to commencing audit work. The Firm and the City of Campbell will discuss and approve the scope and associated costs of these tasks.

Report of all Irregularities and Illegal Acts: The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Council, City Manager, City Attorney, and the Finance Director.

The engagement team will also make all communications to the City required by the audits standards under which the engagement is performed. Those communications include, but are not limited to:

a) The auditor's responsibility under generally accepted auditing standards.
b) Significant accounting policies.
c) Management judgment and accounting estimates.
d) Significant audit adjustments.
e) Other information in documents containing audited financial statements.
f) Disagreements with management.
g) Management consultation with other accountants.
h) Major issues discussed with management prior to retention.
i) Difficulties encountered in performing the audit.

Working Paper Retention and Access to Working Papers: The Firm will retain, at its own expense, all working papers and reports for a minimum of (7) seven years, unless the City of Campbell notifies the Firm in writing of the need to extend the retention period. The Firm will make working papers available to the City and/or designees.

The Firm will comply with reasonable requests from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

Advice and Consultation: Will be provided throughout the year on matters relating to accounting and financial reporting. This will not include any task that entails significant research or a formal report.

Deliverables

Upon completion of the audit, the Firm will prepare, edit, print, and bind the following reports/qtys:

- Comprehensive Annual Financial Report (1 Camera Ready Color Copy Unbound)
- Single Audit Report (10 Bound)
- West Valley Solid Waste Management Authority (10 Bound)
- Gann Appropriations Limit Report (5 Unbound)
- Transportation Development Act (TDA) Article 3 Grant (10 Bound)

CITY OF CAMPBELL

Experience and Approach

Objectives of Our Services

Our primary objective for the proposed audit is to examine the City's financial statements and express our opinion on their fairness of presentation, in accordance with generally accepted accounting principles. Other objectives that will benefit the City include the following:

- To offer beneficial observations and recommendations about policies and procedures for accounting and operating controls
- To identify opportunities to make City operations more efficient and reduce costs
- To perform the audit efficiently and effectively, so disruption to office operations is minimized
- To provide continuing advisory services so the City can implement recommendations
- To meet these objectives at no additional cost to the City

The Engagement Team will perform the audit in accordance with the Firm's quality-control procedures, which include following standard audit programs, careful planning, using industry-standardized software for auditing and internal control documentation, and welcoming an objective review of audit work.

The Firm will supply portable computers to the onsite staff members.

Our audit approach emphasizes careful planning, open communication, and proper assignment of responsibilities. This method ensures that audit requirements will be met with minimal disruption of the City's daily operations, and that the audit will proceed efficiently with full understanding between the Engagement Team and the City.

Client Training Seminar

Constant changing in accounting and auditing standards, laws and regulations, and compliance provisions has created an unprecedented complexity in public accounting for state and local governments.

The Pun Group Governmental Accounting Conference is designed to not only provide you updates on these new accounting and auditing standards. Every year, the Firm hosts a conference to update governmental clients on new technical accounting and financial issues. This year's day-long session—held in Orange County, Danville, and Clovis —qualifies for eight hours of CPE.

Participants of this year's training seminar received a high-level examination of numerous technical issues, including the following:

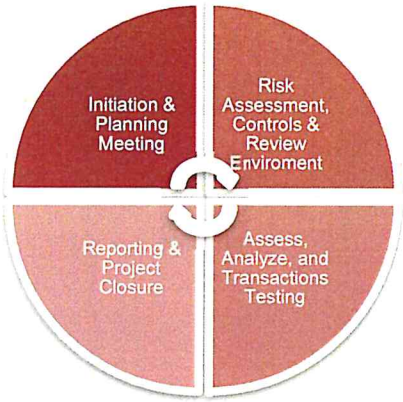
- Fraud in State and Local Governments
- Ai and the Future of Government Finance and Accounting
- ERP Implementation
- 2019 GASB Update
- 2019 Survey – Cities and Counties
- 2019 Auditing Standards and Single Audit Update
- Implementation of GASB Fiduciary Activities, Statement No. 84
- Implementation of GASB Leases Standards, Statement No. 87

Importantly, all of our clients are invited to attend The Pun Group, LLP client training seminar **FREE OF CHARGE**.

CITY OF CAMPBELL

Experience and Approach

Project Management

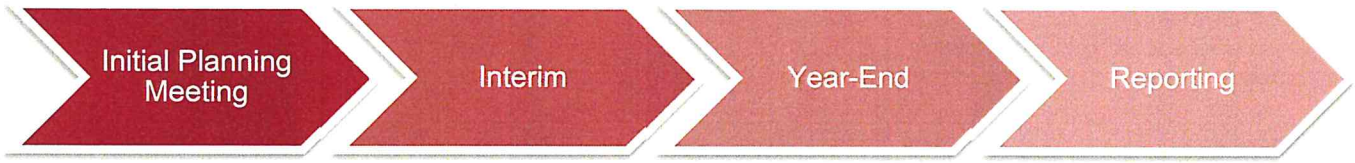


The Firm's project approach to project management consists of four phases of project initiation & planning meeting, risk assessment, controls, and environment, assess and analyze, and reporting and project closure.

Throughout the project we monitor the progress of the project, project milestones and deliverables through communication of our task plan with your designated liaison for the project. This reporting can be formal or informal depending on the needs of the project and the client. In the case of this short-term comprehensive analysis, we will likely use a less formal approach to include a standing weekly progress meeting with a review of open tasks, next tasks and any issues we have encountered during the project. You can expect that the Engagement Partners or Engagement Managers will be onsite for these meetings to ensure we successfully conclude the project on the proposed schedule.

Proposed Segmentation of the Engagement

The audit will be performed in four phases:



Initial Planning Meeting: The Engagement Partner and Manager will meet with City's Management to get up to speed with City policies and procedures, establish any specific requirements Management may have, identification of unique transactions, implementation of new GASB pronouncements, and develop the audit work plan for the engagement.

Interim: The Engagement Team—including the Engagement Partner—will assess accounting policies adopted by the City, obtain an understanding of the City and its operating environment, review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal control, perform preliminary analytical procedures, develop initial risk assessment, evaluate Single Audit compliance (if needed), identify any audit issues, and prepare confirmation correspondence. The Engagement Team and City Management will establish expectations including responsibilities and assignments for the year-end audit, and will hold a progress status meeting at the end of the Interim phase.

Year-End: The Engagement Team—including the Engagement Partner—will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform preliminary analytical procedures, search for unrecorded liabilities, perform substantive analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The Engagement Team and City Management will hold an exit conference at the end of the Year-End phase. Periodic update meetings will be held to communicate audit progress to management.

Reporting: The Firm will review and prepare audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. We will also examine reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be issued in a letter to Management. At the City's request, the Engagement Partner and Manager will present the audit to the City's governing body.

The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal City circumstances causes delays in the audit.

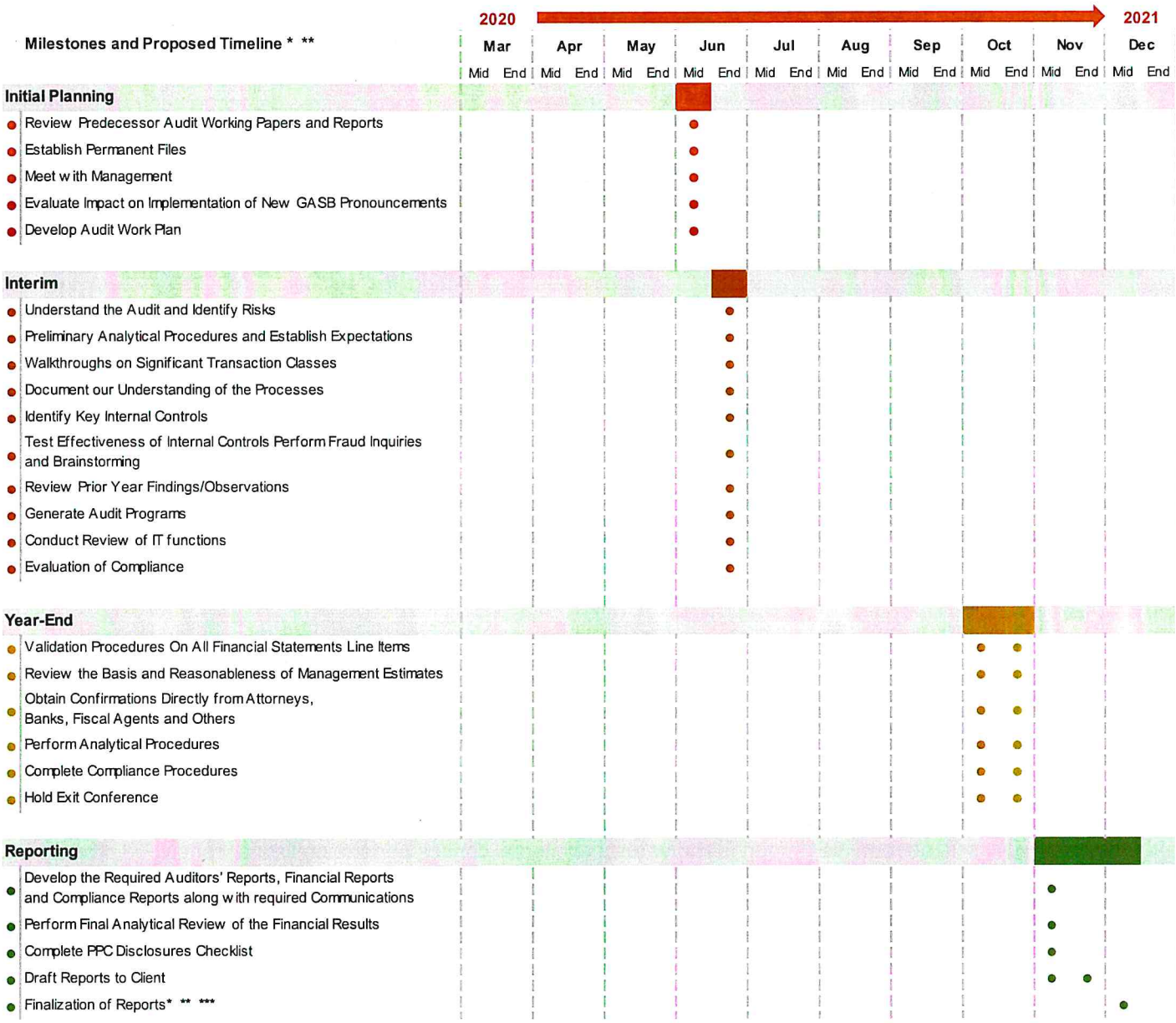
Attachment: The Pun Group LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for

CITY OF CAMPBELL

Experience and Approach

Milestones and Proposed Timeline

The Pun Group, LLP has planned the following timeline in order to meet the City's audit needs:



**Above proposed timeline is subject to review and approval, and it can be modified as needed to meet client's needs.*
*** Based on Financial Statement/CAFR audit timing.*

Attachment: The Pun Group LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for

CITY OF CAMPBELL

Experience and Approach

Level of Staff and Number of Hours to be Assigned to Each Segment of the Engagement

The Pun Group, LLP understands that the City is not only looking to employ our auditing services but is also seeking to receive value within that professional relationship. We believe that our value is derived from our in-depth knowledge, experience, and commitment that our auditing firm employs. We stress and emphasize "employ" because all of the knowledge and expertise listed on paper will not benefit you unless it is applied. That is why we have developed a plan that we feel will accomplish the objectives of the City and your particular needs. Our Firm will utilize the information that you have shared with us and our experience from our previous audits of this nature, from various government entities and cities to develop a practical plan for all major areas.

Example of Major Areas (not limited to):

- Audit of the City's and its related notes to financial statements
- Single Audit procedures and required reporting
- Communication with those charged with governance
- Internal Control and Management Letters

Total Hours*:

Staff Classification Performing Work	Estimated Hours Annually
Partners	40
Managers	80
Senior Accountants	125
Staff Accountants	345
Clerical	10
Total Annual Hours:	**600**

Hours by Audit Phase	Hours
Phase I - Planning	60
Phase II - Interim	180
Phase III - Year End	210
Phase IV- Reporting	150
Total Annual Hours:	**600**

**Does not included hours related to Governmental Seminar/CPE City Staff.*

Sample Size and the Extent to Which Statistical Sampling is to be Used in this Engagement

In our audit approach, statistical sampling will be used in conjunction with our skilled judgment and knowledge of each situation. When designing an audit sample, our auditors consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn. We determine a sample size sufficient to reduce sampling risk to an acceptably low level and select items for such task in a way that we can reasonably expect it to be representative of the relevant population and likely to provide the auditor with a reasonable basis for conclusions about the population.

CITY OF CAMPBELL

Experience and Approach

Enhancing Auditing Quality with Artificial Intelligence

There are plenty of challenges with established audit practices. Outdated CAAT tools, sampling practices, and the explosive growth of big data are some of the examples, and they all present significant barriers to detecting anomalies, intentional or otherwise, in financial data. The Pun Group, LLP deploys a comprehensive, risk-based approach, complimented by using MindBridge Artificial Intelligence Platform, to conduct our audit. Through this tool we are able to seamlessly analyze thousands and thousands of financial and operating data and records, **identifying and cataloging significant risks, in mere seconds**.

The Ai Auditor platform works by our side, augmenting our capacity to detect errors or fraud in the data—not only by analyzing the entire data set, but by cross-correlating dozens of testing criteria against pre-established data points and presenting us with a view of every user, vendor and transaction, by risk, all within moments of ingesting analyzed data. Something standard audit procedures cannot accomplish.

We utilize these tools to allow our audit teams to increase efficiency in the audit process, to enhance the existing quality of our work, to provide directed testing in areas subject to the highest risk, and to quickly assimilate large amounts of data your staff would typically be asked to gather. The tools also help us to meet our professional requirements regarding fraud and internal control, allowing us to:

- ✓ Run Benford's analysis to check for fraud in transactions.
- ✓ Increase the value of audit findings with complete, 100% data coverage.
- ✓ Isolate risk and control issues before they impact your operations.
- ✓ Improve productivity by automating procedures and eliminating manual tasks.
- ✓ Conduct more direct, efficient and effective audits, to improve overall audit quality.

Our engagement team easily imports data in a secure environment from the City's financial software and extracts useful data for testing and analytical procedures particular to the following areas:

- Successful Fraud Test
- Questionable Invoices
- Phantom Vendor Schemes
- Kickback or Conflict-of-Interest Schemes
- Dormant Account Schemes
- Money Laundering Schemes

Type and Extent of Analytical Procedures to be Used in the Engagement

Analytical procedures are one of many financial audit processes which help an auditor understand the client's operation and changes in the environment, and to identify potential risk areas to plan other audit procedures. Analytical Procedures includes comparison of financial information on prior periods, budget, forecast, and industry benchmark. We use trend and ratio analysis to identify any uncertain or unusual events. In order to perform these analyses, our firm conducts a survey of cities and counties and develops benchmarks on specific vital financial indicators, such as the cost of services to tax revenues ratios, average general fund balance, capital assets, debt per capital, general fund unassigned fund balance to total general fund expenditures, etc. Our staff members have previous experience in successfully implanting analytical procedures to the City's benefit.

Analytical procedures are performed at three stages of audit: at the start, in the middle, and at the end of the audit. These three stages are risk assessment procedures, substantive analytical procedures, and final analytical procedures:

- Risk assessment procedures are used to assist the auditor to better understand the business and to plan the nature, timing, and extent of audit procedures.

- Substantive analytical procedures are used to obtain evidential matter about particular assertions related to the account balances or classes of transactions. During the interim phase, our engagement team will set up expectations for the year-to-date results and balances and compare them with budgeted and prior-year amounts. This process allows us to forecast year-end amounts, reducing the workload during the year-end phase and allowing us to focus on areas of concern.

- Final analytical procedures are used as an overall review of the financial information in the last review stage of the audit. The Engagement Partner and Manager will perform a high-level analytical analysis of the financial information comparing its data for both quantitatively and qualitatively, to ensure the amount presented in the financial statements are fairly presented in all material respect.

Approach to be Taken to Gain and Document an Understanding of the Internal Control Structure

Audit risk assessment is established by an internal control review, combined with the Engagement Team's understanding of the City's operations and accounting software. Using the Committee of Sponsoring Organizations (COSO) Framework, staff members will evaluate the City's processes and identify any control deficiencies. These diagnostic review procedures allow the Engagement Team to assess the City's systems and controls and to provide constructive feedback to management.

During our initial planning phase of the audit, our engagement team, including the Engagement Partner and Manager will obtain an understanding of the entity and its environment. It is an essential aspect of performing an audit under generally accepted auditing standards. In particular, that understanding establishes a frame of reference within which the auditor plans the audit and exercises professional judgment about assessing risks of material misstatement of the financial statements and responding to those risks throughout the examination.

During the interim phase of the audit, our Engagement Team will perform a walkthrough of all significant accounting systems, including processes for financial reporting, revenue recognition and cash receipts, purchasing/contract management and cash disbursements, and payroll and related liabilities, and others. Our auditors will obtain the written policies and procedures, inquiring accounting personnel, and document the process in either a flowchart or narrative summary format. After gaining an understanding of the accounting and internal control systems, our auditor will make a preliminary assessment of control risk, at the assertion level, for each material account balance or class of transactions.

The form and extent this documentation is influenced by the size and complexity of the entity, and the nature of the entity's accounting and internal control systems. Generally, the more complex the entity's accounting and internal control systems and the more extensive the auditor's procedures, the broader our documentation will need to be.

Approach to be Taken in Determining Laws and Regulations that Will be Subject to Audit Test Work

The Firm stays continually up to date with audit requirements—including new regulations, compliance supplements, state guidelines, and related contracts—to ensure that we conduct audits under applicable laws and regulations. We test transactions for compliance with the Single Audit Act, California Government Code, GANN Appropriations Limit, provisions of applicable grant guidelines, requirements of local measures, and others.

For example, the Single Audit Act requires that we determine which grants to include in our audit and select transactions from those grants for detailed testing. While most items will be tested as part of the Interim phase, we cannot determine which grants will be tested for the Single Audit until the Year-End phase of the audit.

Our compliance audits of cash, investments, debt covenants, and other areas will be performed in accordance with the California Government Code, which has many provisions and regulations covering investments.

Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance

To test compliance, we will follow the AICPA's Audit Sampling Considerations of Uniform Guidance Compliance Audits. We will select an appropriate sample size based on our professional judgment and knowledge. Any deviations from control and compliance requirements will be documented.

Attachment: The Pun Group LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for

CITY OF CAMPBELL

Experience and Approach

Identification of Anticipated Potential Audit Problems

While we do not expect any problems with the audit, we will carefully investigate and monitor the following relevant accounting issues:

Investments:

- Compliance with GASB 31 and GASB 34
- Authorization and approval process for City investments
- Controls to assure City's compliance with investment limitations and types of specific investments
- Monitoring by the City of its investments

Financial Reporting:

- CAFR compliance with current reporting and disclosure requirements issued by GASB
- CAFR eligibility for financial reporting conformance awards issued by GFOA
- Compliance with the various GASBs in effect
- Perform valuations of OPEB benefits to determine the liability for all benefits promised to active, retired, and inactive plan members as of each valuation date
- Compliance with Governmental Accounting Standards Board (GASB) Statements 74 and 75
- Compliance with infrastructure obligations and regulatory provisions

Internal Control Structure:

- City's internal control functions and compliance with proper internal control philosophies
- Computer-system processes and controls, and adequacy of the control environment

Over the period of the engagement, several new GASB pronouncements will become effective. The Engagement Team will pay specific attention to the following new and upcoming pronouncements, and any others that become effective during the proposal period, in order to determine proper implementation procedures.

- GASB 83 – *Certain Asset Retirement Obligations*
- GASB 84 – *Fiduciary Activities*
- GASB 87 – *Leases*
- GASB 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- GASB 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*
- GASB 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*
- GASB 91 – *Conduit Debt Obligations*

LET'S START A DIALOGUE

"It is our commitment to only practice with the highest professional ethics and standards. We believe we owe that to the profession, our clients, and ourselves."

THE PUN GROUP
ACCOUNTANTS & ADVISORS

THE PUN GROUP
ACCOUNTANTS & ADVISORS

CITY OF CAMPBELL

Let's Start a Dialogue

Benefits of Choosing The Pun Group, LLP

The Pun Group, LLP is recognized for its professionalism, integrity, and providing clients with practical solutions unique to their circumstances and issues. Our Firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. The Pun Group's primary objective is to give the City of Campbell solutions and directions, led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allow us to provide a superior level of service, and a quality audit.

We trust that this proposal has given you the information needed about the Firm, the Engagement Team members, overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the City of Campbell and providing you with the excellent level of service that you expect and deserve.

Thank You

Thank you for giving us the opportunity to introduce the Firm and submit our qualifications to provide you with professional audit services. Please direct inquiries to:

Mr. Kenneth H. Pun, CPA, CGMA
Managing Partner
2121 North California Boulevard, Suite 290
Walnut Creek, CA 94596
ken.pun@pungroup.com
(949) 777-8801

Sincerely,

The Pun Group, LLP

The Pun Group, LLP
Certified Public Accountants and Business Advisors

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APPENDICES

THE PUN GROUP
ACCOUNTANTS & ADVISORS

THE PUN GROUP
ACCOUNTANTS & ADVISORS

CITY OF CAMPBELL

Appendices

Proof of Insurance – Sample Certificate

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 2/28/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Wood Gutmann & Bogart
15901 Red Hill Ave., Suite 100
Tustin CA 92780

CONTACT NAME: Connie Jones
PHONE (A/C, No, Ext): 714-505-7000 FAX (A/C, No): 714-573-1770
E-MAIL ADDRESS: connie@wgbib.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : TRAVELERS CAS INS CO OF AMER	19046
INSURER B : Travelers Property Casualty Co of Amer	25674
INSURER C : Argonaut Insurance Company	
INSURER D : Travelers Cas Ins. Co. of Amer	
INSURER E :	
INSURER F :	

INSURED PUN&M-1
The Pun Group, LLP
200 East Sandpointe Avenue, Suite 600
Santa Ana CA 92707

COVERAGES CERTIFICATE NUMBER: 242217017 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PRO-JECT LOC OTHER:			6807G592120-19	3/1/2019	3/1/2020	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG $	$ 2,000,000 $ 300,000 $ 5,000 $ 2,000,000 $ 4,000,000 $ 4,000,000 $
D	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS X HIRED AUTOS X SCHEDULED AUTOS X NON-OWNED AUTOS			BA8L4678831942	3/1/2019	3/1/2020	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) $	$ 1,000,000 $ $ $ $
B	UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $			CUP4H25314819-42	3/1/2019	3/1/2020	EACH OCCURRENCE AGGREGATE $	$ 1,000,000 $ 1,000,000 $
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N/A (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below			UB3K65340119-42	3/1/2019	3/1/2020	X PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
C	E&O Retro 12/29/11			Pending	3/1/2019	3/1/2020	3,000,000 agg	1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

Proof of Coverage

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
DB, III

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Attachment: The Pun Group LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS:

1. WHO IS AN INSURED (SECTION II) is amended to include as an insured any person or organization (called hereafter "additional insured") whom you have agreed in a written contract, executed prior to loss, to name as additional insured, but only with respect to liability arising out of "your work" or your ongoing operations for that additional insured performed by you or for you.
2. With respect to the insurance afforded to Additional Insureds the following conditions apply:
   a. Limits of Insurance – The following limits of liability apply:
      1. The limits which you agreed to provide; or
      2. The limits shown on the declarations,

      whichever is less.
   b. This insurance is excess over any valid and collectible insurance unless you have agreed in a written contract for this insurance to apply on a primary or contributory basis.
3. This insurance does not apply:
   a. on any basis to any person or organization for whom you have purchased an Owners and Contractors Protective policy.
   b. to "bodily injury," "property damage," "personal injury," or "advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:
      1. The preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; and
      2. Supervisory, inspection or engineering services.

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Attachment: The Pun Group LLP - Technical Proposal (Resolution Approving Authorization to Award Financial Audit Services Contract for

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

XTEND ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

GENERAL DESCRIPTION OF COVERAGE – This endorsement broadens coverage. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the **PROVISIONS** of this endorsement carefully to determine rights, duties, and what is and is not covered.

A. Broadened Named Insured

B. Damage To Premises Rented To You Extension
- Perils of fire, explosion, lightning, smoke, water
- Limit increased to $300,000

C. Blanket Waiver of Subrogation

D. Blanket Additional Insured– Managers or Lessors of Premises

E. Blanket Additional Insured – Lessor of leased Equipment

F. Incidental Medical Malpractice

G. Personal Injury – Assumed by Contract

H. Extension of Coverage – Bodily Injury

I. Injury to Co-Employees and Co-Volunteer Workers

J. Aircraft Chartered with Crew

K. Non-Owned Watercraft – Increased from 25 feet to 50 feet

L. Increased Supplementary Payments
- Cost for bail bonds increased to $2,500
- Loss of earnings increased to $500 per day

M. Knowledge and Notice of Occurrence or Offense

N. Unintentional Omission

O. Reasonable Force – Bodily Injury or Property Damage

PROVISIONS

A. BROADENED NAMED INSURED

1. The Named Insured in Item **1.** of the Declarations is as follows:

   The person or organization named in Item **1.** of the Declarations and any organization, other than a partnership or joint venture, over which you maintain ownership or majority interest on the effective date of the policy. However, coverage for any such organization will cease as of the date during the policy period that you no longer maintain ownership of, or majority interest in, such organization.

2. WHO IS AN INSURED (Section **II**) Item **4.a.** is deleted and replaced by the following:

   a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier, unless reported in writing to us within 180 days.

3. This Provision **A.** does not apply to any person or organization for which coverage is excluded by endorsement.

B. DAMAGE TO PREMISES RENTED TO YOU EXTENSION

1. The last paragraph of COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section **I** – Coverages) is deleted and replaced by the following:

   Exclusions **c.** through **n.** do not apply to damage to premises while rented to you, or temporarily occupied by you with permission of the owner, caused by:

   a. Fire;

   b. Explosion;

   c. Lightning;

   d. Smoke resulting from such fire, explosion, or lightning; or

   e. Water.

   A separate limit of insurance applies to this coverage as described in LIMITS OF INSURANCE (Section **III**).

2. This insurance does not apply to damage to premises while rented to you, or temporarily

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COMMERCIAL GENERAL LIABILITY

occupied by you with permission of the owner, caused by:

a. Rupture, bursting, or operation of pressure relief devices;

b. Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water;

c. Explosion of steam boilers, steam pipes, steam engines, or steam turbines.

3. Part **6.** of LIMITS OF INSURANCE (Section III) is deleted and replaced by the following:

Subject to **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under COVERAGE A. for damages because of "property damage" to any one premises while rented to you, or temporarily occupied by you with permission of the owner, caused by fire, explosion, lightning, smoke resulting from such fire, explosion, or lightning, or water. The Damage To Premises Rented To You Limit will apply to all damage proximately caused by the same "occurrence", whether such damage results from fire, explosion, lightning, smoke resulting from such fire, explosion, or lightning, or water, or any combination of any of these.

The Damage To Premises Rented To You Limit will be the higher of:

a. $300,000; or

b. The amount shown on the Declarations for Damage To Premises Rented To You Limit.

4. Under DEFINITIONS (Section V), Paragraph **a.** of the definition of "insured contract" is amended so that it does not include that portion of the contract for a lease of premises that indemnifies any person or organization for damage to premises while rented to you, or temporarily occupied by you with permission of the owner, caused by:

a. Fire;

b. Explosion;

c. Lightning;

d. Smoke resulting from such fire, explosion, or lightning; or

e. Water.

5. This Provision **B.** does not apply if coverage for Damage To Premises Rented To You of COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I – Coverages) is excluded by endorsement.

C. BLANKET WAIVER OFSUBROGATION

We waive any right of recovery we may have against any person or organization because of payments we make for injury or damage arising out of premises owned or occupied by or rented or loaned to you; ongoing operations performed by you or on your behalf, done under a contract with that person or organization; "your work"; or "your products". We waive this right where you have agreed to do so as part of a written contract, executed by you prior to loss.

D. BLANKET ADDITIONAL INSURED – MANAGERS OR LESSORS OF PREMISES

WHO IS AN INSURED (Section II) is amended to include as an insured any person or organization (referred to below as "additional insured") with whom you have agreed in a written contract, executed prior to loss, to name as an additional insured, but only with respect to liability arising out of the ownership, maintenance or use of that part of any premises leased to you, subject to the following provisions:

1. Limits of Insurance. The limits of insurance afforded to the additional insured shall be the limits which you agreed to provide, or the limits shown on the Declarations, whichever is less.

2. The insurance afforded to the additional insured does not apply to:

a. Any "occurrence" that takes place after you cease to be a tenant in that premises;

b. Any premises for which coverage is excluded by endorsement; or

c. Structural alterations, new construction or demolition operations performed by or on behalf of such additional insured.

3. The insurance afforded to the additional insured is excess over any valid and collectible insurance available to such additional insured, unless you have agreed in a written contract for this insurance to apply on a primary or contributory basis.

E. BLANKET ADDITIONAL INSURED – LESSOR OF LEASED EQUIPMENT

WHO IS AN INSURED (Section II) is amended to include as an insured any person or organization (referred to below as "additional insured") with

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whom you have agreed in a written contract, executed prior to loss, to name as an additional insured, but only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such additional insured, subject to the following provisions:

1. Limits of Insurance. The limits of insurance afforded to the additional insured shall be the limits which you agreed to provide, or the limits shown on the Declarations, whichever is less.
2. The insurance afforded to the additional insured does not apply to:
   a. Any "occurrence" that takes place after the equipment lease expires; or
   b. "Bodily injury" or "property damage" arising out of the sole negligence of such additional insured.
3. The insurance afforded to the additional insured is excess over any valid and collectible insurance available to such additional insured, unless you have agreed in a written contract for this insurance to apply on a primary or contributory basis.

F. INCIDENTAL MEDICAL MALPRACTICE

1. The definition of "bodily injury" in DEFINITIONS (Section V) is amended to include "Incidental Medical Malpractice Injury".
2. The following definition is added to DEFINITIONS (Section V):

   "Incidental medical malpractice injury" means bodily injury, mental anguish, sickness or disease sustained by a person, including death resulting from any of these at any time, arising out of the rendering of, or failure to render, the following services:

   a. Medical, surgical, dental, laboratory, x-ray or nursing service or treatment, advice or instruction, or the related furnishing of food or beverages;
   b. The furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances; or
   c. First aid.
   d. "Good Samaritan services". As used in this Provision F., "Good Samaritan services" are those medical services rendered or provided in an emergency and for which no remuneration is demanded or received.
3. Paragraph **2.a.(1)(d)** of WHO IS AN INSURED (Section II) does not apply to any registered nurse, licensed practical nurse, emergency medical technician or paramedic employed by you, but only while performing the services described in paragraph **2.** above and while acting within the scope of their employment by you. Any "employees" rendering "Good Samaritan services" will be deemed to be acting within the scope of their employment by you.
4. The following exclusion is added to paragraph **2.** Exclusions of COVERAGE A. – BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I – Coverages):

   (This insurance does not apply to:) Liability arising out of the willful violation of a penal statute or ordinance relating to the sale of pharmaceuticals by or with the knowledge or consent of the insured.
5. For the purposes of determining the applicable limits of insurance, any act or omission, together with all related acts or omissions in the furnishing of the services described in paragraph **2.** above to any one person, will be considered one "occurrence".
6. This Provision F. does not apply if you are in the business or occupation of providing any of the services described in paragraph **2.** above.
7. The insurance provided by this Provision F. shall be excess over any other valid and collectible insurance available to the insured, whether primary, excess, contingent or on any other basis, except for insurance purchased specifically by you to be excess of this policy.

G. PERSONAL INJURY – ASSUMED BY CONTRACT

1. The **Contractual Liability** Exclusion in Part **2.**, **Exclusions** of COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY (Section I – Coverages) is deleted and replaced by the following:

   (This insurance does not apply to:)

   Contractual Liability

   "Advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for

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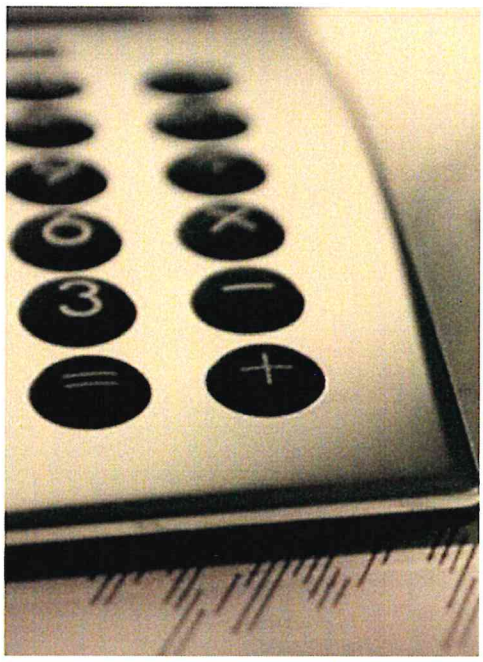
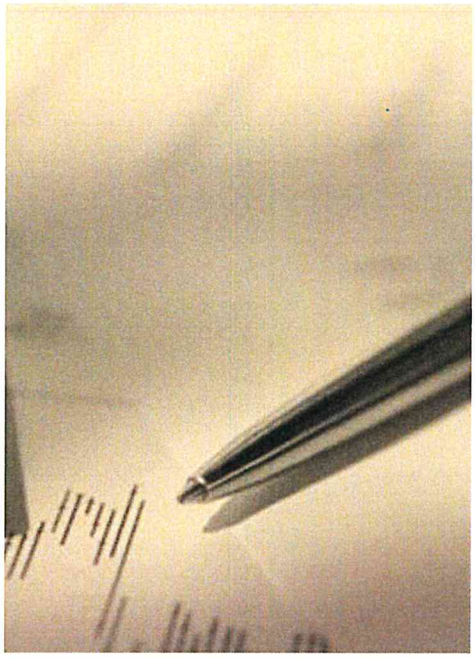
THE PUN GROUP
ACCOUN

2121 North California Boulevard, Suite 290, Walnut Creek, California 94596
www.pungroup.com

ORIGINAL

COST PROPOSAL

CITY OF CAMPBELL

CAMPBELL, CALIFORNIA

Proposal to Perform Financial Auditing Services

For Fiscal Years Ending June 30, 2020 through 2022,
with option to extend for two (2) subsequent fiscal year

JANUARY 6, 2020

Kenneth H. Pun, CPA, CGMA
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THE PUN GROUP
ACCOUNTANTS & ADVISORS

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CITY OF CAMPBELL

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CITY OF CAMPBELL

Cost of Services

Certification

I, the undersigned, certify I am duly authorized to represent the above-named firm and am empowered to submit this bid. In addition, I certify I am authorized to contract with the City on behalf of the above-named firm.

January 6, 2020

Kenneth H. Pun, CPA, CGMA | Managing Partner
The Pun Group, LLP

Date

ATTACHMENT A – Audit Cost Proposal Form

Service	FY 2019-20	FY 2020-21	FY 2021-22	Optional FY 2022-23	Optional FY 2023-24
City Audit and Related Reports	$ 43,000	$ 44,290	$ 45,619	$ 46,987	$ 48,397
GANN Limit Review Report	$ 500	$ 515	$ 530	$ 546	$ 563
Single Audit and Related Reports	$ 5,000	$ 5,150	$ 5,305	$ 5,464	$ 5,628
West Valley Solid Waste Management Authority (JPA)	$ 2,500	$ 2,575	$ 2,652	$ 2,732	$ 2,814
TDA Article 3 Audit	$ 1,500	$ 1,545	$ 1,591	$ 1,639	$ 1,688
Out of Pocket Expenses:					
Meals and Lodging	Included	Included	Included	Included	Included
Transportation	Included	Included	Included	Included	Included
Other	Included	Included	Included	Included	Included
Optional: Annual Financial Transactions Report	$ 5,000	$ 5,150	$ 5,305	$ 5,464	$ 5,628
Optional: Street Report	$ 1,500	$ 1,545	$ 1,591	$ 1,639	$ 1,688
Optional: GASB 68 Implementation	$ 3,000	$ 3,090	$ 3,183	$ 3,278	$ 3,377
Total for Fiscal Year (not-to-exceed) *With Optional Items*	**$ 62,000**	**$ 63,860**	**$ 65,776**	**$ 67,749**	**$ 69,782**

(1) Above quotes include Single Audit fees based on 1 (one) major program. The fee to audit additional major programs will be $5,000 each. The number of programs determined to be "major" will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City's Management before starting Single Audit work.

CITY OF CAMPBELL

Cost of Services

ATTACHMENT B – Estimate of Cost

Name of Firm: The Pun Group, LLP

Address: 200 E. Sandpointe Ave, Suite 600

Santa Ana, CA 92707

Contact Name: Kenneth H. Pun, CPA, CGMA

Contact Phone #: 949-777-8801

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Contact E-mail: ken.pun@pungroup.com

Auditor's Standards Billing Rates

Position	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Partner	$ 275.00	$ 280.50	$ 286.11	$ 291.83	$ 297.67
Manager	$ 200.00	$ 204.00	$ 208.08	$ 212.24	$ 216.49
Senior Auditor	$ 125.00	$ 127.50	$ 130.05	$ 132.65	$ 135.30
Staff Auditor	$ 100.00	$ 102.00	$ 104.04	$ 106.12	$ 108.24
Clerical	$ 75.00	$ 76.50	$ 78.03	$ 79.59	$ 81.18
Other	N/A	N/A	N/A	N/A	N/A

CITY OF CAMPBELL

Cost of Services

Out of Pocket Expenses in the Total Maximum Price and Reimbursement Rates

The Firm's policy is to maintain flexible billing rates to meet the needs of clients and help them control costs. In the interest of starting our long-term relationship, we will absorb all expenses required to familiarize ourselves with the operations and accounting systems, as well as, travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the City. The Firm will also absorb these costs.

Cost for Additional Professional Services

Below are the Firm's standard hourly billing rates, delineated by staffing levels:

Auditor's Standard Hourly Billing Rates	
Position	FY 2018-19
Senior Partner(s)	$ 300
Partner(s)	$ 275
Senior Manager(s)	$ 225
Manager(s)	$ 200
Supervisor(s)	$ 150
Senior Accountant(s)	$ 125
Staff Accountant(s)	$ 100
Clerical	$ 75

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added in a written agreement prior to commencing audit work. The Firm and the City will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above quoted hourly rates.

Manner of Payment

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the, at the rates outlined in the Total All-Inclusive Maximum Price section, in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
For Planning	10%
For Interim work	40%
For Year-End work	40%
At Presentation and Acceptance of Final Reports	10%
Total	100%

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City Council Report

Item: 6
Category: CONSENT CALENDAR
Meeting Date: April 21, 2020

TITLE: **Water Tower Lighting for COVID-19.**

RECOMMENDED ACTION

That the City Council light the water tower blue on Sundays for the duration of the shelter in place order issued by the Santa Clara County Health Officer for COVID-19.

BACKGROUND

On December 31, 2019, the World Health Organization (WHO) China Country Office was informed of several cases of pneumonia of unknown cause detected in Wuhan City, Hubei Province of China. These were later confirmed to be cases of Coronavirus Disease 2019 (named “COVID-19”). The first case of COVID-19 was detected in the United States on January 21, 2020, the CDC confirmed reports from the state of Washington of the first U.S. resident with COVID-19 infection. On January 30, 2020, WHO declared the COVID-19 outbreak a Public Health Emergency of International Concern.

The Centers for Disease Control and Prevention (CDC) considers the virus to be a very serious public health threat with outcomes ranging from mild sickness to severe illness and death. COVID-19 has spread globally, infected more than two million people worldwide, and killed more than 150,000 individuals. COVID-19 has severely impacted people, businesses, schools, and critical services worldwide.

On March 31, 2020, the Heath Officer of the County of Santa Clara directed all individuals living in the County to continue sheltering at their place of residence except for essential needs; continuing to exempt homeless individuals from the Order but urging Government Agencies to provide them shelter and hand sanitation facilities; restricting access to recreation areas; requiring essential business to implement Social distancing protocols; clarifying and further limiting essential business activities, including construction; and directing all business and government operations to further cease non-essential operations.

DISCUSSION

As a symbol of solidarity in the community, and in support of health care professionals and essential workers, it is recommended that the City Council light the Water Tower

Blue every Sunday night for the duration of the of the shelter in place order issued by the Santa Clara County Health Officer for COVID-19.

Council policy 1.29 states that “Any special events and other displays of recognition will be considered as needed by the Mayor or his or her designee on a very limited basis. Such examples can include, but are not limited to, displays of solidarity (e.g. major tragedy) and celebrating local sports teams, as well as displays of recognition initiated by presidential action from the White House. Themed lighting for such instances is to last for one evening and overnight period from sunset to sunrise unless otherwise directed by the City Council.” The duration of the recommended lighting will exceed the one evening limitation of the Mayor and therefore requires Council approval.

FISCAL IMPACT

The fiscal impact would be the City’s costs associated with the contractor’s programming/lighting fee.

Prepared by: Wendy Wood, City Clerk

Approved by: Brian Loventhal, City Manager

City Council Report

Item: 7
Category: NEW BUSINESS
Meeting Date: April 21, 2020

TITLE: **Receive an Update on Initial Fiscal and Budgetary Impacts Due to COVID-19 and Provide Staff with Feedback Regarding Recommended Strategies in Fiscal Year (FY) 2019-20 and FY 2020-21 to Address Those Impacts**

RECOMMENDED ACTION

That the City Council receive an update on the initial fiscal and budgetary impacts due to COVID-19 and provide staff with feedback regarding recommended strategies in Fiscal Year (FY) 2019-20 and FY 2020-21 to address those impacts.

BACKGROUND

Due to the rapidly increasing spread of the Novel Coronavirus Disease (COVID-19) in many parts of the United States, California, and the Bay Area, the County of Santa Clara Public Health Department issued its first public health order on March 9, 2020; imposing a countywide moratorium on mass gatherings of 1,000 or more persons. The City Manager, serving as the Director of Emergency Services, then proclaimed a local emergency in the City of Campbell on March 12, ratified by Council resolution on March 17. A second County public health order followed this resolution on March 13, imposing a countywide moratorium on mass gatherings of more than 100 persons and a conditional moratorium on gatherings between 35 and 100 persons. A third public health order was issued on March 16 for all residents in the County to shelter in place and for all businesses and governmental agencies to cease non-essential operations at physical locations through April 7, 2020. A fourth public health order was issued on March 31, extending the terms of the third-order through May 3, 2020, and clarifying the definition of essential and non-essential services[1]. These orders mirror guidance from the State of California and the Center for Disease Control and Prevention (CDC) as well as public health orders of many states nationwide. Through the use of social distancing and shelter in place orders, public health officials hope to slow the spread of COVID-19 until a viable cure can be developed, tested, and administered.

While social distancing guidance and shelter in place, orders have started to have their intended effect in slowing down the spread of COVID-19 cases nationwide, more specifically in California. The effects have resulted in significant portions of the local, state, and national economy being shut down partially or completely. For Campbell, this has meant a direct and immediate fiscal impact on major City revenue sources such as Sales Tax, Transient Occupancy Tax (TOT), Licenses and Permits, and Charges for

Service. Before the County public health orders, staff was in the midst of preparing the Fiscal Year (FY) 2020-21 Proposed Operating Budget and the 2021-2025 Capital Improvement Plan (CIP) for City Council consideration in June 2020. As such, this report will provide the City Council with the following information:

- FY 2019-20 initial estimated revenue impacts due to COVID-19
- FY 2019-20 recommended strategies to address fiscal impacts of COVID-19
- FY 2020-21 initial estimated revenue impacts due to COVID-19
- FY 2020-21 recommended budget approaches and strategies due to COVID-19
- Potential state and federal aid for local governments
- Update on the operating budget and CIP development process

These are extremely negative events or occurrences that are impossibly difficult to predict, unexpected, and unknowable. Each event is also unique in its characteristics and impacts. Staff will continue to provide the Council with the best information available and informed recommendations to ensure fiscal stability given a number of possible economic outcomes. Due to the unique nature of individual Black Swan events, the magnitude and duration of COVID-19's economic impacts cannot be predicted with absolute certainty.

DISCUSSION

FY 2019-20 Initial Estimated Revenue Impacts Due to COVID-19

As previously discussed, Santa Clara County and Campbell are under shelter in place orders through at least May 3, 2020, a period equaling approximately 1.5 months since the original shelter in place order went into effect on March 16. It is also possible given the closure of many Bay Area school districts for the remainder of the school year, that shelter in place orders could be extended through the end of June 2020. That would equal approximately 3.5 months since the original shelter in place order went into effect. As a result of shelter in place orders, local retail businesses and restaurants have either closed temporarily or been reduced to limited service; local hotels have seen occupancy rates and room rates drop drastically. The City recreation programs, and events have been canceled, and City building permitting, and other revenue-generating services have been temporarily halted, which has again had a direct and immediate fiscal impact on major City revenue sources such as Sales Tax, Transient Occupancy Tax (TOT), Licenses and Permits, and Charges for Service.

On March 3, 2020, before shelter in place orders and the full extent of COVID-19's spread were known, staff provided the City Council with a mid-year financial status update that showed improving General Fund revenues and the need to minimally drawdown on General Fund reserves by approximately $398,000 in FY 2019-20. Estimated General Fund revenues at the time are shown in Table 1 below:

Table 1 - Mid-Year General Fund Revenue Update

Revenue Category	Proj YE 19-20	% of Total
Property Tax	$ 16,932,000	29.57%
Sales Tax	$ 15,891,400	27.75%
Charges for Service	$ 5,444,903	9.51%
Transient Occupancy Tax	$ 4,785,400	8.36%
Franchise Taxes	$ 3,736,800	6.53%
Other Revenue	$ 3,348,591	5.85%
Licenses & Permits	$ 2,356,500	4.12%
Other Taxes	$ 1,633,500	2.85%
Other Funding Sources	$ 1,380,016	2.41%
Intergovernmental Revenue	$ 915,470	1.60%
Investment Income	$ 478,000	0.83%
Fines & Forfeitures	$ 362,300	0.63%
TOTAL REVENUES	**$ 57,264,880**	**100.00%**

Property Tax is the City's largest revenue source. Fortunately, staff does not expect it to be negatively impacted by COVID-19 in either FY 2019-20 or FY 2020-21, even if there are delinquencies or delays in individual taxpayer payments. The City is on a Teeter Plan for property taxes in which it receives 100% of what is supposed to be collected every fiscal year by Santa Clara County. The County is able to offer this guarantee in exchange for keeping 100% of any penalty and interest charges on delinquent property tax payments that would have been owed to the City. It is possible the State could suspend Teeter Plans in the wake of COVID-19, but staff does not expect that to occur at this time and expects Campbell to receive its full estimated share of property taxes in FY 2019-20. The assessment roll for FY 2020-21 is nearing completion by the County, and staff does not expect that COVID-19 will have a negative impact on assessed valuations yet. Thus, property tax revenues should still see normal 2% to 4% growth in FY 2020-21. If the economic impacts of COVID-19, though, are prolonged, property taxes could be negatively impacted starting FY 2021-22.

Sales Tax is the City's second-largest revenue source, and unfortunately, staff does expect it to be negatively impacted by COVID-19 in FY 2019-20. Staff has performed a business sector by sector analysis of sales tax revenues and used the assumption that the level of current shelter in place orders will remain in place through at least June 30, 2020. Using these assumptions, the City could lose approximately **$1.46 million** over what it was expecting in sales tax revenues for FY 2019-20. Such losses could be less if shelter in place orders are lifted or eased before June 30, 2020. However, on March 30, 2020, Governor Newsom approved Executive Order N-40-20, which allows small businesses with less than $5 million in annual sales to defer up to $50,000 of their Quarter 1 (Q1) 2020 sales tax payments until FY 2020-21. The City should eventually receive these payments, but such deferral could further decrease sales tax revenues received in FY 2019-20. In total, 1,132 businesses within Campbell earned less than $5 million in annual sales in calendar year 2019. It is uncertain as to the total number of small businesses that will defer their Q1 2020 sales tax payments, but this could further

negatively impact FY 2019-20 sales tax revenues by up to $500,000. Staff, with this assistance of the City's sales tax consultants, will monitor deferrals and provide Council with a better update once actual payment data for Q1 is available in May 2020.

Charges for Service is the City's third-largest revenue source, and staff also expects it to be negatively impacted by COVID-19 in FY 2019-20. The primary impacts are expected to occur in Recreation programs and events since many have canceled or postponed indefinitely. Other losses are expected in Community Development Zoning Fees and Public Works Capital Project Overhead Offset Fees. Using the assumption that that the level of current shelter in place orders will remain in place through at least June 30, 2020, staff expects a loss of **$1.67 million** over what is was expecting in charges for service in FY 2019-20. Such losses could be less if shelter in place orders lifted or eased before June 30, 2020. And these losses are offset by **$633,000** in salary savings for temporary personnel in fee-based Recreation programs that have been released from City service as of April 10, 2020, as well as other associated costs. And while the Public Works Department will see decreased Capital Project Overhead Offset Fees, it also expects to see approximately **$150,000** in salary savings in vacant positions that would normally charge their time to capital projects. Therefore, the net revenue decrease in charges for service is approximately **$886,000** after factoring in associated savings.

Transient Occupancy Tax (TOT) is the City's fourth-largest revenue source, and staff also expects it to be negatively impacted by COVID-19 in FY 2019-20**.** Despite the fact that Campbell hotels remain open, all have experienced significant decreases in their occupancy rates and room rates since shelter in place orders went into effect. And even before those orders, hotels were seeing reduced occupancy rates due to many businesses beginning to restrict commercial travel starting in February 2020. Thus, using the assumption that the level of current shelter in place orders will remain in place through at least June 30, 2020, that occupancy rates will equal 15%, and average room rates will be decreased by 12%, staff expects the City to see a decrease in TOT revenues of approximately **$1.5 million** in FY 2019-20. Occupancy rates for Campbell hotels are normally above 80%, and staff contacted a number of local hotels to determine their current occupancy and room rates.

Franchise Tax is the City's fifth-largest revenue source, and staff does not expect it to be negatively by COVID-19 in either FY 2019-20 or FY 2020-21. Franchise taxes are collected for electric, gas, cable television, garage, and telephone franchise agreements already in place and are based upon consumer usage. They are normally fairly stable even in economic downturns and usually increase annually per contractual agreement or inflationary adjustments. Staff, though, will continue to monitor this revenue source and provide Council with updates should it see a COVID-19 related decrease.

The preceding provided detail on potential decreases in the City’s five largest General Fund revenue sources in FY 2019-20 due to COVID-19. However, staff also expects approximately **$1.13 million** in decreases in other General Fund revenue sources in FY 2019-20 due to COVID-19. These include a $78,000 in decrease to Other Taxes, a

$359,000 decrease to Licenses & Permits, a $213,000 decrease to Fines & Forfeitures, a $38,000 decrease to Intergovernmental Revenue, and a $444,000 decrease to Other Revenues which include Recreation Rental Income.

In total, net revenue losses in FY 2019-20 due to COVID-19 could equal approximately **$4.96 million** or **8.7%** across all General Fund revenue categories after factoring in associated savings discussed previously. If these numbers should change up or down, staff will provide City Council with an update.

FY 2019-20 Recommended Strategies to Address Fiscal Impacts of COVID-19

To address the potential $4.9 million revenue loss due to COVID-19 discussed previously, the City Manager and staff have already implemented the following cost containment strategies in FY 2019-20:

- **Limited hiring freeze except for those positions which address public health and safety** – The City currently has vacancies in the following permanent positions. Estimated annual total compensation costs (salary and benefits) are shown in parenthesis:

  - Recreation and Community Service Director ($331,000)
  - Associate Planner ($196,000)
  - Parks Supervisor ($214,000)
  - Building Maintenance Supervisor ($206,000)
  - Building Maintenance Worker ($158,000)
  - Deputy City Manager ($251,000)
  - Chief Building Official ($254,000)
  - Recreation Specialist ($119,000)
  - Assistant Engineer ($196,000)
  - Police Officers (3.0 FTEs) – ($215,000 each/ $645,000 total)

  In total, these positions equal approximately **$2.57 million** in annual salary and benefit costs.

- **Release of all temporary part-time employees as of April 10, 2020** – Most of these positions are in the Recreation Department, but there were also temporary part-time employees in all departments. As of this report, the City was averaging approximately $83,000 in salary and benefit costs per payroll period for its part-time temporary staff. With their release as of April 10, that will result in no part-time temporary staffing costs for approximately 5.5 bi-weekly pay periods. Based on historical averages, that would equal approximately **$456,500** in salary and benefit savings through June 30, 2020; assuming that no staff return before this time. Most of those cost savings are captured in the $633,000 of Recreation salary savings discussed previously and should not be counted twice. Still, staff did want to provide more detail on these savings as an already enacted cost containment strategy.

- **Employee use of leave time as of April 8, 2020** – Through April 7 and similar to other Bay Area public agencies, the City of Campbell was providing paid administrative leave for any employee not deemed to be performing an essential service onsite or not able to work remotely offsite. Since that time, the City has implemented a **Limited Duration Teleworking During an Emergency Policy**, which should allow more staff to remain productive offsite. For any employee who cannot remain fully productive during the current shelter in place orders through May 3 and who is not a necessary emergency worker, they are now required to augment their hours with their accrued leave banks. This will not decrease the City's costs in FY 2019-20, but it will decrease the City's long-term liabilities for accrued leave. Nevertheless, the City must also now comply with the recently passed Families First Coronavirus Response Act (FFCRA), which creates two new emergency paid leave options in response to the COVID-19 global pandemic. These leaves are available to all employees under certain circumstances and are not supported by Federal or State funding. Thus, the City may see reduced positive impact on its strategy requiring employees to use previously accrued leave time if not able to remain fully productive during current shelter in place orders.

In addition to the strategies already implemented, staff also recommends the following strategies in FY 2019-20 to mitigate potential revenue losses to COVID-19 and requests Council feedback:

- **Use of the General Fund Emergency Reserve** – As of the fiscal year ending June 30, 2019, the City had **$5.59 million** in its General Fund Emergency Reserve. Per Section 20.V.A. of the Council Financial Policies, this reserve is based on 10% of General Fund revenue. It will only be used in the case of dire need as a result of physical or financial emergency as determined by the City Council. Emergencies of physical nature include but are not limited to: natural disasters such as earthquakes, fire, flooding, or severe weather-related damage, resulting in significant loss of infrastructure or damage to City property requiring material expenditures for repair or replacement of essential City equipment or structures. e.g., police or other emergency vehicles, computer systems infrastructure, City Hall, Community Center, service center buildings, and equipment required to deliver essential city services. Emergencies of a financial nature would include but not be limited to material onetime statutory reductions in revenue or unexpected/unbudgeted losses due to judgments or liability claims in excess of the liability claims reserve balance. Mitigation of unexpected and significant revenue losses due to a global pandemic and COVID-19 could be an appropriate use of this reserve account, and staff encourages Council to consider its use to maintain critical city services and cash flow requirements in FY 2019-20. The decision to utilize this reserve does not have to be decided upon until August 2020, when the City is closing its financial books for FY 2019-20. At that time or before, staff will request Council authorization to use the General Fund Emergency Reserve, but only up to an amount that is necessary to preserve as much of the account as possible for future needs.

- **Application to the Federal Emergency Management Agency (FEMA) Community Disaster Loan (CDL) Program** – The Stafford Act authorizes FEMA to provide direct loans to local governments who have suffered a substantial loss as a result of a major presidentially declared disaster. It can demonstrate a need for Federal financial assistance in order to perform its governmental functions[1]. Cities such as Campbell may apply for these loans up to $5 million, and they are payable back over a five-year period, which can also be extended to 10 years. While these funds would restrict the City's future debt capacity until they are paid back, they could provide the City with necessary cash flow to meet its requirements and maintain critical services until the economic impacts of COVID-19 subside. Staff will continue to explore the conditions of the FEMA CDL program and return to Council at a later time if its use is needed and seems fiscally prudent.

- **Application to the Federal Reserve Municipal Liquidity Facility Program** – On April 9, 2020, the US Federal Reserve authorizes the use of $2.3 trillion in loans to support the economy. $500 billion of this was set aside as a Municipal Liquidity Facility program to help state and local governments manage cash flow stresses caused by COVID-19[2]. Details of this program are not yet fully available and may only be available to those jurisdictions with populations over one million. Staff will also explore its conditions and return to Council at a later time, if its use is needed, allowable, and seems fiscally prudent. However, like the CDL program, these funds need to be paid back and would restrict the City's future debt capacity until fully repaid.

FY 2020-21 Initial Estimated Revenue Impacts Due to COVID-19

A significant portion of the local, state and national economy have been partially or completely shut down due to shelter in place orders. It can be reasonably assumed that shelter in place orders will continue through the end of June 2020; the potential economic impacts of COVID-19 are fairly well, although not completely established for FY 2019-20. The economic impacts to FY 2019-20 have some level of certainty. The impacts to FY 2020-21 have much less certainty since no one can predict when shelter in place orders will finally be lifted, or whether the nation will see a re-emergence of COVID-19 in the future, or how quickly the local, state, and national economy will recover. With the strong state of the national economy and, more specifically, the state and local economy prior to the emergence of COVID-19, some leading economists are predicting a fairly quick economic recovery after the shelter in place orders have been lifted, and the country begins to return to normalcy. Other economists are predicting a recession that mirrors or is worse than the Great Recession of 2008 and has a slower recovery starting in Spring/Summer 2021. For the time being, and in order to provide initial estimated revenue impacts for FY 2020-21, staff is assuming that COVID-19 will

[1] FEMA CDL Program Fact Sheet - https://www.fema.gov/media-library-data/1549377354379-306d5989736705cf2f921b802d01663e/What_is_Community_Disaster_Loan_2.4.19.pdf

[2] Press Release Board of Governors of the Federal Reserve (April 9, 2020) - https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm

push the economy into a recession that is at least as bad as the Great Recession of 2008; with a recovery starting in Spring/Summer 2021.

The Great Recession of 2008 started in September 2008 and negatively impacted the City's total General Fund revenues in FY 2008-09 by 3.66% and in FY 2009-10 by an additional 4.69%. The City began to experience a recovery in FY 2010-11. The following percentage decreases were seen in these two fiscal years in the following General Fund Revenue categories:

Table 2 - General Fund Revenue Losses Due to 2008 Great Recession

Revenue Category	% Loss FY 2008-09	% Loss FY 2009-10
Property Tax	6.73%	-1.36%
Sales Tax	-6.86%	-0.91%
Franchise Taxes	1.95%	-1.32%
Transient Occupancy Taxes	-20.50%	0.81%
Other Taxes	-33.24%	-10.87%
Licenses & Permits	-36.82%	-32.67%
Fines & Forfeitures	5.01%	9.64%
Investment Incomes	-17.53%	-62.39%
Intergovernmental Revenue	-20.72%	-0.55%
Charges for Service	1.52%	3.59%
Other Revenue	11.36%	-19.67%
Other Funding Sources	8.41%	11.62%
TOTAL REVENUE LOSS	**3.66%**	**4.69%**

Note: % Losses are in comparison to the prior fiscal year

As shown, property tax revenues were not initially impacted by the Great Recession but did decline over time with their recovery, not starting until FY 2011-12. The last recession was due to a housing bubble, and a potential recession from COVID-19 will not be due to a housing bubble. Sales tax, transient occupancy taxes, other taxes, licenses and permits, investment income, and intergovernmental revenue could negatively be impacted by COVID-19 in FY 2020-21. If using the 2008 Great Recession as a basis, this negative impact could be between **$5.4 million** to **$7.1 million** in FY 2020-21 when compared to staff's pre-COVID-19 General Fund revenue estimates. Nevertheless, these are only initial estimates, and much more data is necessary to determine the true economic impacts of COVID-19 in FY 2020-21. As more information is made available, staff will provide the Council with updates.

FY 2020-21 Recommended Budget Approach and Strategies Due to COVID-19

Since COVID-19 is a "Black Swan" economic event where the true impacts cannot be known with absolute certainty, staff recommends implementing the following budget approach and strategies for the FY 2020-21 Operating Budget and 2021-2025 Capital Improvement Plan (CIP) and requests Council feedback:

- **Establishment of a carryover budget except for known salary & benefit and contractual increases for necessary agreements** – Until the impacts of COVID-19 can be better known; staff recommends only appropriating enough funds in FY 2020-21 to maintain current services. No other requests to increase costs should be considered. Employee services costs account for 58% of the City's General Fund Adopted Budget in FY 2019-20, and no new personnel should be added unless they are either cost-neutral or generate net revenue. Additionally, while some of the City's contractual agreements have programmed cost escalators, staff will also review all contracts and determine whether or not some services could be performed by City staff within their current capacity.

- **Use of the General Fund Economic Fluctuations Reserve** - As of the fiscal year ending June 30, 2019, the City had **$9.19 million** in its General Fund Economic Fluctuations Reserve. Per Section 20.V.C. of the Council Financial Policies, this reserve shall be maintained, with a target of two months (16.67%) of General Fund operating expenditures, to provide budget stabilization during an economic downturn that could otherwise result in significant reductions in service levels and/or organizational staffing. Economic conditions that could require the use of this reserve include, but are not limited to: material decreases in property or sales tax revenues due to economic downturns lasting at least a minimum period of six months; loss of businesses generating significant proportions of sales/use tax; reductions in revenue due to actions by state, federal, or other governmental agencies or legislation. This Reserve shall not be less than $2 million. If the reserve balance falls below $4 million, or the City's five-year financial projections indicate the reserve will fall below this minimum requirement at any time during this period, City staff shall present to Council, by the following year's budget adoption, a plan to return to the target amount within five years. Mitigation of unexpected and significant revenue losses due to a global pandemic and COVID-19 could be an appropriate use of this reserve account, and staff encourages Council to consider its use to maintain critical City services and cash flow requirements in FY 2020-21.

- **Scaling Back of the Capital Improvement Plan (CIP) in FY 2020-21 and limited use of the Capital Improvements Reserve (CIPR) for Capital Projects** – Due to the uncertainty of COVID-19 and the need for staff to focus their time on pressing operating issues, staff recommends only undertaking the most essential capital improvement projects in FY 2020-21 that are needed to preserve public safety and health or are part of a grant matching or other external requirements. The CIPR is funded by excess General Fund revenues, and staff recommends removing or deferring any projects funded by it, which are not deemed essential at this time and returning any remaining fund balance to the General Fund Emergency, Economic Fluctuations, or other reserve accounts as deemed necessary. As of the end of the fiscal year ending June 30, 2019, there was **$1.98 million** in the CIPR account. Staff is currently in the process of determining how much of this could be freed up for General Fund operating

purposes and will return to Council at a future budget study session or City Council meeting with exact figures.

- ***Return to Council in Fall 2020 with a budget update and recommended corrective actions if necessary once the economic impacts of COVID-19 are more fully known*** – The full magnitude and duration of the economic impacts due to COVID-19 cannot be known at this time with absolute certainty. Thus, staff believes that it is too soon to recommend significant budget reductions, which could severely impact City service levels to the public, until such time that the ongoing impacts of COVID-19 can be better understood. The use of the strategies discussed above are appropriate and should allow the City to contain costs and meet cash flow requirements in FY 2020-21. However, so that reserve balances are not completely depleted and to ensure long-term financial stability and creditworthiness, staff will also return to Council in October 2020 or before to propose corrective budgetary actions if necessary. These actions may not be necessary if the economy recovers quickly after the shelter in place orders have been lifted. However, during upcoming budget study sessions with City Council, staff will discuss several scenarios for reduced revenue levels in FY 2020-21 and options to consider at various trigger points should revenue losses exceed certain dollar ($) and/or percentage (%) thresholds. Staff is currently developing those thresholds and options for discussion and consideration.

  While staff is not requesting formal Council direction at this time, it again requests feedback on the budget approach and strategies listed above.

Potential State and Federal Aid for Local Governments

The FEMA CDL Program and Federal Reserve Municipal Liquidity Facility Program discussed previously; staff is also exploring the following avenues for federal and state aid:

- ***FEMA Reimbursement under the Public Assistance Program (PAP)*** – This program can provide for reimbursement of certain direct eligible expenses as they relate to the City's response to COVID-19. Eligible expenses may include:
  - Any costs necessary to operate or equip our Emergency Operations Center (EOC) to respond to COVID-19
  - Disinfection of City facilities and disinfection of equipment and vehicles due to COVID-19
  - Contractual assistance on emergency management and control of immediate threats to public health and safety in response to COVID-19
  - Purchase and distribution of food, water, ice, medicine, and other consumable supplies, to include personal protective equipment (PPE) and hazardous material suits due to COVID-19
  - Transportation of supplies and persons to respond to COVID-19
  - Communications of general health and safety information to the public for COVID-19

- Reimbursement for state, tribe, territory and/or local government force account overtime costs (OT) due to COVID-19

While it may take several years for the City to receive any PAP funds from FEMA based on the timing and release of funds for previous disasters. FEMA has allocated $468 million for California public agencies to respond to COVID-19, and staff will submit an initial reimbursement claim shortly. The total amount of that claim has not been determined at this time. Staff will continue to submit all allowable reimbursement claims to FEMA now and into the future due to COVID-19.

- ***Coronavirus Aid, Relief, and Economic Security (CARES) Act*** – The CARES Act is a $2 trillion relief package that was signed into law on March 27, 2020. Its primary purpose is to support individuals and businesses affected by the COVID-19 pandemic and associated economic downturn. However, the CARES Act also contained a $150 billion Coronavirus Relief Fund to provide for payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak. However, only jurisdictions with populations greater than 500,000 are eligible for this aid, and it is up to individual states to determine how aid is allocated to cities and counties under this threshold. The National League of Cities (NLC) is advocating for direct aid to jurisdictions with populations less than 500,000, either as part of the Coronavirus Relief Fund or part of additional appropriations, but no actions have been taken by Congress as of yet. At this time, staff will explore whether and how the State of California will allocate these funds to smaller jurisdictions, such as the City of Campbell. Nevertheless, the CARES Act also contains provisions for additional Community Development Block Grant (CDBG) funding as well as several other possible benefits to local cities. Staff will continue to explore all funding mechanisms under the CARES Act or future stimulus bills and return to Council to provide an update at a later time in the near future once more information is known.

Operating Budget and CIP Development Process

The City's fiscal year starts on July 1 and ends on June 30 every year. And no public agency within California may spend public funds without the legal authorization to do so. Thus, to continue services and projects, the City of Campbell must adopt its FY 2020-21 Operating Budget and CIP by June 30, 2020. While COVID-19 and the logistical issues of preparing a budget remotely under shelter in place orders have been challenging, the City Manager's Office and the Finance Department still plan to introduce an operating budget and CIP on June 2 and seek Council adoption on June 16. The manner in which staff gets there, though, has been modified to account for COVID-19 and is shown in ***Attachment A – FY 2021 Budget Development Calendar***.

Please note the following key dates in blue which are either regular City Council meetings or study sessions in April, May, and June:

- April 21 –**Council Meeting**: Fiscal & Budgetary Update for COVID-19
- April 28 – **Study Session**: Strategic Priorities & Budget Solutions

- May 19 – **Council Meeting**: Adoption of Master Fee Schedule
- May 19 – **Council Meeting**: Introduction of Business License Ordinance
- May 22 – **Study Session**: Operating Budget & CIP
- June 2 - **Council Meeting**: Adoption of Business License Ordinance
- June 2 - **Council Meeting**: Introduction of Operating Budget, CIP, & Gann Limit
- June 16 - **Council Meeting**: Adoption of Operating Budget, CIP, & Gann Limit

The time of the April 28 study session is still being confirmed, but it will be a remote meeting. The time of the May 22 study session will be 10 a.m. to noon to discuss the CIP and 1 p.m. – 4 p.m. to discuss the Operating Budget (location to be determined). Please note that all dates and times are subject to change due to operational or other constraints caused by COVID-19. Staff will keep the City Council apprised should any budget dates and times need to be changed. However, as previously discussed, the City must adopt its FY 2020-21 Operating Budget and CIP by no later than June 30, 2020.

FISCAL IMPACT

There are no fiscal impacts associated with this report. Staff will return to Council with additional budget strategies and a Proposed FY 2020-21 Operating Budget and 2021-2025 Capital Improvement Plan (CIP) over the next several months.

Prepared by: _____
Will Fuentes, Finance Director

Approved by: _____
Brian Loventhal, City Manager

Attachment:

a. FY 2021 Budget Development Calendar

FY 2021 Budget Development Calendar

2019

DECEMBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

2020

JANUARY						
S	M	T	W	T	F	S
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

2020

FEBRUARY						
S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

2020

MARCH						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

2020

APRIL						
S	M	T	W	T	F	S
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

2020

MAY						
S	M	T	W	T	F	S
26	27	28	29	30	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

2020

JUNE						
S	M	T	W	T	F	S
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	1	2	3	4

KEY:

- CITY HOLIDAY OR CLOSURE
- CAPITAL IMPROVEMENT PROJECTS (CIP)
- BUDGET DEADLINES FOR FINANCE
- BUDGET DEADLINES FOR DEPARTMENTS
- STUDY SESSION or COUNCIL MTG
- COMMISSION OR COMMITTEE MTG

DECEMBER 2019

Dec 1 - Dec 20	Development of Financial Forecasts by Finance
Dec 1 - Dec 20	Implementation of New Budget System by Finance
Dec 1 - Dec 20	Preparation of Budget Materials & Process by Finance
Dec 23 - Jan 1	Holiday Closure

JANUARY 2020

Jan 1	Holiday Closure
Jan 2 - Feb 11	Development of Financial Forecasts by Finance
Jan 2 - Feb 11	Implementation of New Budget System by Finance
Jan 2 - Feb 11	Preparation of Budget Materials & Process by Finance
Jan 20	Martin Luther King Jr. Day

FEBRUARY 2020

Feb 12	Finance Provides Budget Kickoff & Training
Feb 17	Presidents' Day
Feb 19	Personnel Requests Due to Finance & HR
Feb 21	CIP Requests Due to Finance & CMO
Feb 28	Operating Budget Requests Due to Finance

MARCH 2020

Mar 2 - 10	CIP Committee Discusses Proposed Projects
Mar 3	Mid-Year FY 20 Budget Update & Amendments
Mar 4	Parks and Recreation Commission - Review Parks CIP
Mar 12 - Apr 3	Finance Revises Budget Process due to COVID-19
Mar 12 - Apr 10	Finance Reviews Economic Impacts of COVID-19

APRIL 2020

Apr 10	Revisions to FY 20 Revenue Projections for COVID-19
Apr 17	Revisions to FY 21 Operating Budget & CIP for COVID-19
Apr 21	Fiscal & Budgetary Update for COVID-19
Apr 24	Review & Finalize Prelim. Operating Budget & CIP w/CM
Apr 28	***Study Session*** - Strategic Priorities & Budget Solutions

MAY 2020

May 6	City Clerk to Notice Public Hearing - Fee Schedule
May 6	City Clerk to Notice Public Hearing - Bus. License Ordinance
May 15	Submit Proposed Operating Budget & CIP to Council
May 19	Adoption - Master Fee Schedule (***PUBLIC HEARING***)
May 19	Introduction - Bus. License Ordinance (***PUBLIC HEARING***)
May 20	City Clerk to Notice Public Hearing - Budget Introduction
May 20	City Clerk to Notice Public Hearing - Bus. License Ordinance
May 22	***Study Session*** - Operating Budget & CIP
May 25	Memorial Day
May 26	Planning Commission - CIP General Plan Conformance

JUNE 2020

Jun 2	Introduction - Operating Budget, CIP, & Gann Limit
Jun 2	Adoption - Bus. License Ordinance (***PUBLIC HEARING***)
Jun 3	City Clerk to Notice Public Hearing - Budget Adoption
Jun 16	Adoption - Oper. Budget, CIP, & Gann (***PUBLIC HEARING***)

City Council Report

Item: 8
Category: COUNCIL COMMITTEE REPORTS
Meeting Date: April 21, 2020

TITLE: **Council Committee Reports**

RECOMMENDED ACTION

Report on committee assignments and general comments.

DISCUSSION

This is the section of the City Council Agenda that allows the City Councilmembers to report on items of interest and the work of City Council Committees.

MAYOR LANDRY:
City Atty. Performance/Comp. Subcommittee
City Clerk Performance/Comp. Subcommittee
City Mgr. Performance/Comp. Subcommittee
Economic Development Subcommittee
Recycling and Waste Reduction Commission of SCC**
Santa Clara Valley Water District: County Water Commission
State Route (SR) 85 Corridor Policy Advisory Board
West Valley Mayors and Managers

Cities Association of Santa Clara County Representative, (Alt.)
Cities Association Selection Committee & Legislative Action Committee (Alt.)
Friends of the Heritage Theater Liaison (Alt.)
SCC CDBG Program Committee** (Alt.)
Silicon Valley Clean Energy JPA (Alt.)
Valley Transportation Authority Policy Advisory Committee (Alt.)
West Valley Clean Water JPA (Alt.)
West Valley Sanitation District Board (Alt.)
West Valley Solid Waste Authority JPA (Alt.)

VICE MAYOR GIBBONS:
Association of Bay Area Governments
Association of Bay Area Governments Executive Committee**
Campbell Historical Museum & Ainsley House Foundation Liaison
Cities Association Selection Committee & Legislative Action Committee
Comprehensive County Expressway Planning Study Policy Advisory Board**
Education Subcommittee

Legislative Subcommittee
Silicon Valley Clean Energy JPA (SVCEC)
SVCEC Executive Committee**
SVCEC Finance and Audit Subcommittee**
SCC CDBG Program Committee**

County Library District JPA Board of Directors (Alt.)
SCC Emergency Operations Commission (Alt.)**
West Valley Mayors and Managers (Alt.)

COUNCILMEMBER BYBEE
City Atty. Performance/Comp. Subcommittee
City Clerk Performance/Comp. Subcommittee
City Mgr. Performance/Comp. Subcommittee
Downtown Subcommittee
Finance Subcommittee
Friends of the Heritage Theater Liaison
Legislative Subcommittee
Valley Transportation Authority Policy Advisory Committee

Association of Bay Area Governments (Alt.)
Campbell Historical Museum & Ainsley House Foundation Liaison (Alt.)
Comprehensive County Expressway Planning Study Policy Advisory Board**(Alt.)
Santa Clara Valley Water District: County Water Commission (Alt.)
State Route (SR) 85 Corridor Policy Advisory (Alt.)

COUNCILMEMBER RESNIKOFF
Advisory Commissioner Appointment Interview Subcommittee
Cities Association of Santa Clara County Representative,
Education Subcommittee
West Valley Clean Water JPA
West Valley Sanitation District
West Valley Solid Waste Authority JPA

Downtown Subcommittee (Alt.)
Recycling and Waste Reduction Commission of SCC** (Alt.)
Silicon Valley Animal Control Authority Board (SVACA)(Alt.)

COUNCILMEMBER WATERMAN:
Advisory Commissioner Appointment Interview Subcommittee
County Library District JPA Board of Directors
Economic Development Subcommittee
Finance Subcommittee
Silicon Valley Animal Control Authority Board (SVACA)

****appointed by other agencies**

Prepared by: Andrea Sanders

Andrea Sanders, Deputy City Clerk

MEMORANDUM

City of Campbell

City Clerk's Office

To: Honorable Mayor and City Council

Date: April 21, 2020

From: Andrea Sanders, Deputy City Clerk

Via: Brian Loventhal, City Manager

Subject: **Desk Item – Email from Jim Aspinwall**

The City Clerk's office has received the attached email from Jim Aspinwall under Oral Requests.

Andrea Sanders

To: Jim.Aspinwall@yahoo.com
Subject: RE: Oral Requests - Newsom/Motel 6/Homeless Accommodation

From: Jim.Aspinwall@yahoo.com
Sent: Monday, April 20, 2020 5:42 PM
To: Web Distribution City Clerk <WebDistributionCityClerk@campbellca.gov>
Subject: Oral Requests - Newsom/Motel 6/Homeless Accommodation

WARNING: This email originated from an external sender!

As a resident of the neighborhood this facility is adjacent to I have a number of questions relative to Governor Newsom's arrangements with Motel 6 and FEMA regarding the sheltering of homeless at the Motel 6 on Curtner Avenue, that I would like the City Council to address in an upcoming meeting. I may or may not be able to attend the meeting due to work accommodations and "abundance of caution" but will try to observe the meeting broadcast.

1. What if any provisions/assurances has the State or FEMA shared as to the "health and welfare" of any potential occupants, general public customers, the local community regarding this plan? Specifics as follows:

2. What if any disclosure of anticipated 'program' occupants will be available? Specific if transferred from other shelters, 'tribal' communication among the homeless community, and if any are known sex offenders will their new location be registered?

3. We are told medical resources are over-whelmed, so who is attending to any medical screening of intended occupants, and how often? Will there be diagnosis/identification and reporting of any other diseases, contagious or otherwise?

4. Will all of the ~60 rooms be constrained to single occupancy, isolated shelter-in-place persons?

5. Who/how if any 'enforcement' of social distancing will be provided should they be allowed to go off-property?

There are at least 4 local fast-food establishments, alcohol a bit farther, and very convenient access to various transportation/mobility options - not discounting VTA and the Los Gatos Creek trail. Thus an anonymous public access to resources, and there is at least a small number of "service resisting" local homeless along the trail, and/or the trail is their 'freeway.'

6. Will any of the "service resisting" local homeless be contacted? Accommodated?

7. The facility backs up to local private residences, and is proximate to a larger community of 1100 residents. To both compassion for freedom of movement for newly accommodated persons, and safety/security of local residents... is there any level of 'message' of cooperation/respect to either?

8. What if any additional impact does this circumstance present to Campbell PD, County Fire?

9. If the neighborhood does witness or perceive a problem, what reporting should be done to whom, and what response anticipated.

10. When can we anticipate the transition from open commercial operations to this special project?

Thanks in advance for your time. Hope y'all are healthy in all ways amid this.

Jim Aspinwall

MEMORANDUM

City of Campbell

City Clerk's Office

To: Honorable Mayor and City Council

Date: April 20, 2020

From: Andrea Sanders, Deputy City Clerk

Via: Brian Loventhal, City Manager

Subject: **Desk Item 7 – Email from Steve Saunders**

The City Clerk's office has received the attached email from Steve Saunders under item 7.

Andrea Sanders

To: Steve Saunders; Clerks Office
Subject: RE: FOR PUBLIC COMMENT, item 6

From: Steve Saunders
Sent: Friday, April 17, 2020 2:34 PM
To: Clerks Office <clerksoffice@campbellca.gov>
Cc: Steve Saunders <klazys@gmail.com>
Subject: FOR PUBLIC COMMENT, item 6

WARNING: This email originated from an external sender!

Dear Campbell City Council Members,

Thanks to the city staff for the report on Initial Fiscal and Budgetary Impacts Due to COVID-19, it covers a lot of my concerns. But I would like to understand a couple of the FY 2019-20 impacts in a little more detail.
The impact on Sales Tax was smaller than I had guessed at by significant factor (~$1.2M). Hopefully this indicates (besides my be too pessimistic) that local sale tax generating businesses are not impacted nearly as badly as I had assumed and/or sales tax collections are more seasonal than assumed. It would be nice to understand that projection in a bit more detail.
The impact on Transient Occupancy Tax was larger than I had guessed or could calculate given the occupancy and room rate reductions given in the report (~$300-500K). Perhaps was the impact was projected for a longer period (>3-4mo)?
Also I want to compliment the use of "Great Recession" data to provide insight for FY 2020-21.
I being of a somewhat pessimistic mindset would suggest using the $7.1M projected negative revenue impact in FY2020-21 planning.

Thank you for your service and take care,
Steve Saunders

Andrea Sanders

From: Josue Ramirez [redacted]
Sent: Tuesday, April 21, 2020 7:43 PM
To: Clerks Office
Subject: For Public Comment: Flights Family Market

WARNING: This email originated from an external sender!

I am a homeowner and happy Campbell resident for over 15 years.
Today, we're saddened to find out the City of Campbell has ordered Flights Restaurant to close the no-contact, curb-side grocery service. This is rather upsetting for our family, as we have used this service several times to replenish fresh milk and other perishables for our preschool and kindergarten kids. It also reduces my exposure to COVID-19, being an adult with a long history of Asthma.

I serve on the Board of Directors for an environmental organization in the Bay Area. I was readying a message to motivate the organization to find our "Hult Moment" during this trying times. In stark contrast with the city's stance, Alex Hult is frequently commended in conversations around the house as a source of inspiration and benchmark of innovation, even though we don't know him personally. If anything, his actions should be applauded.

I hereby urge the City Officials to reevaluate their decision regarding Flights Family Market.

Thanks,
Josue Ramirez

City of Campbell

Item #7

Receive an Update on Initial Fiscal and Budgetary Impacts Due to COVID-19 and Provide Staff with Feedback Regarding Recommended Strategies in Fiscal Year (FY) 2019-20 and FY 2020-21 to Address Those Impacts

Remote Meeting

April 21, 2020

OVERVIEW

- As a result of COVID-19, presentation will provide:
  - FY 2019-20 initial estimated revenue impacts
    - FY 2019-20 recommended strategies to address fiscal impacts
  - FY 2020-21 initial estimated revenue impacts
    - FY 2020-21 recommended budget approaches and strategies
  - Potential state and federal aid for local governments
  - Update on the operating budget and CIP development process
- Purpose: To start a dialogue about the economic impacts of COVID-19 and receive feedback on staff recommended strategies as well as any others Council would like staff to consider.
- Will continue discussions and provide further information during April 28 and May 22 budget study sessions.

DISCUSSION

- How COVID-19 Differs from Past Economic Downturns?
  - **Negatives (-):**
    - Black Swan economic event more similar to 1918 Spanish Flu than 2008 Great Recession
      - High degree of uncertainty and many unknowns
    - More immediate economic and social impacts
      - Shelter-at-home; essential business only
      - Unemployment has surpassed last recession, in less time
      - Negative price for oil futures

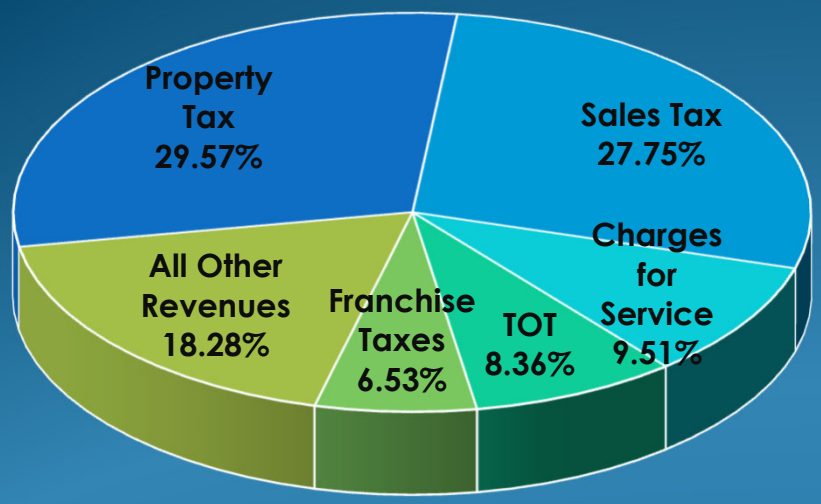
  - **Positives (+):**
    - No housing bubble fueled by sub-prime loans
    - State is in a much healthier fiscal position
    - Stronger protections for local revenues
    - Cities are less dependent on State funds
      - Except local streets and road funds (HUTA, RMRA)
    - Human capital and infrastructure in place to provide support
      - Zoom, teleworking, etc.

DISCUSSION

- 2020: Looking Ahead – *Beacon Economics (04-10-20)*
  - **<u>Baseline Forecast:</u>**
    - GDP Growth:
      - Q1 0%
      - Q2 -25%
      - Q3 20%
      - Q4 5%
    - Is that a recession?
    - Unemployment back below 5% by year-end
    - Moderate upticks in debt distress
    - Stock market—who knows
    - Little impact on real estate / venture capital
  - **<u>Wildcards:</u>**
    - Second round of outbreaks / economic shutdowns
    - Global situation
    - Retail / restaurants already distressed
    - Can financial chaos create its own crisis?
    - Will consumers go back to normal behavior, or will there be a long run shift?

DISCUSSION

General Fund Revenue Sources FY 2019-20
$57.26 million*



**Estimated during mid-year financial report on March 3, 2020*

COVID-19 Impact and Timing to Key Revenue Sources:

- **Property Tax**: ↓ Low Impact /Delayed Timing to FY 2021-22
- **Sales Tax:** ↑ High Impact / Immediate
- **Charges for Service**: ↔ Variable Impact / Immediate
- **Transient Occupancy Tax**: ↑ High Impact / Immediate
- **Franchise Fees**: ↓ Low Impact / Temporary
- **Licenses & Permits**: ↔ Variable Impact /Immediate

DISCUSSION

- FY 2019-20 initial estimated revenue impacts in Campbell:
  - Property Tax – $0
    - Property Tax Transfers could be slowed in FY 2019-20, but recaptured in FY 2020-21
  - Sales Tax – $1.46 million
  - Charges for Service – $866,000
    - Net after offsetting cost reductions
  - Transient Occupancy Tax – $1.5 million
  - Franchise Fees – $0
  - All Other Revenues - $1.13 million
  - TOTAL FY 2019-20 IMPACT: **$4.96 million**

DISCUSSION

- FY 2019-20 recommended strategies to address fiscal impacts – ***"What tools are in our toolbox?"***
  - Already Enacted
    - Limited hiring freeze – 12 positions / $2.57 million annual cost
    - Release of all temporary part-time employees - $456,500 savings through June 30, 2020
      - *Included as offset to loss in Charges for Service*
  - Recommended
    - ***Limited and measured*** use of General Fund Emergency Reserve - $5.59 million balance (as of FYE June 30, 2019)
    - FEMA Community Disaster Loan (CDL) Program – cash flow tool
    - *Restriction of expenditures to only those which are essential
- Recommend using a number of solutions in combination.
- Feedback and other suggested strategies?

DISCUSSION

- FY 2020-21 initial estimated revenue impacts in Campbell:
  - **$5.4 million** to **$7.1 million**
  - Modeling Great Recession of 2008
    - 3.66% loss in FY 2008-09, followed by a 4.69% loss in FY 2009-10
    - Losses varied by revenue category starting FY 2008-09 and continued into FY 2009-10

	FY 08-09 / FY 09-10
Property Tax:	+6.73% / -1.36%
Sales Tax:	-6.86% / -0.91%
TOT:	-20.50% / +0.81%
Other Taxes:	-33.24% / -10.87%
Licenses & Permits:	-36.82% / -32.67
Investment Income:	-17.53% / -62.39%
Intergovernmental Revenue:	-20.72% / 0.55%
Other Revenue:	+11.36% / - 19.67%

    - Some recovery started in FY 2010-11; except Property Tax which didn't start to recover until FY 2011-12
  - COVID-19 though is again much different than Great Recession of 2008

DISCUSSION

- FY 2020-21 recommended budget approaches and strategies – "What tools are in our toolbox?"
  - Carryover budget
  - ***Limited and measured*** use of General Fund Economic Fluctuations Reserve - $9.19 million balance (as of FYE June 30, 2019)
  - *Limiting contracts to essential outside services only
  - Scaling back CIP and CIPR use - $1.98 million CIPR balance
  - Return to Council in October or before with corrective budgetary actions given certain revenue loss thresholds established at budget study sessions
  - Recommend using a number of solutions in combination.
- Feedback and other suggested strategies?

DISCUSSION

- Potential state and federal aid for local governments:
  - FEMA Reimbursement under the Public Assistance Program (PAP)
  - Coronavirus Aid, Relief, and Economic Security (CARES) Act
    - $150 Billion in Aid to Local Governments, but Campbell may not receive any due to population size
  - Future federal stimulus bills targeting all local governments regardless of population size
    - Being advocated by League of California Cities (LCC) and National League of Cities (NLC)

DISCUSSION

- Update on the operating budget and CIP development process
  - Key Dates:
    - April 28 – Study Session: Strategic Priorities & Budget Solutions
    - May 22 – Study Session: Operating Budget & CIP
    - June 2 - Council Meeting: Introduction of Operating Budget, CIP, & Gann Limit
    - June 2* – Council Meeting: Adoption of Master Fee Schedule
    - June 2* – Council Meeting: Introduction of Business License Ordinance
    - June 16 - Council Meeting: Adoption of Operating Budget, CIP, & Gann Limit
    - June 16* - Council Meeting: Adoption of Business License Ordinance

RECOMMENDATION

1. Receive an Update on Initial Fiscal and Budgetary Impacts Due to COVID-19
2. Provide Staff with Feedback Regarding Strategies for Fiscal Year (FY) 2019-20
3. Provide Staff with Feedback Regarding Strategies for Fiscal Year (FY) 2020-21

Q & A

Discussion