

CITY CLERK ORIGINAL

C-8503
06/11/2013

AGREEMENT FOR Performance Audit of the Glendale Onboard Transportation Program City of Glendale Solicitation No. RFP 13-21

This Agreement for Performance Audit of the Glendale Onboard Transportation Program ("Agreement") is effective and entered into between CITY OF GLENDALE, an Arizona municipal corporation ("City"), and Heinfeld, Meech & Co., P.C., a Arizona professional corporation, authorized to do business in Arizona, (the "Contractor"), as of the 11 day of June, 2013.

RECITALS

- A. City intends to undertake a project for the benefit of the public, with public funds, that is more fully set forth and attached hereto as Exhibit A ("Project"). Exhibit A contains both the City's Solicitation No. RFP 13-21 and the Contractor's response thereto.
- B. City desires to retain the services of Contractor to perform those specific duties and produce the specific work as set forth in the Project attached hereto;
- C. City and Contractor desire to memorialize their agreement with this document.

AGREEMENT

The parties hereby agree as follows:

1. Key Personnel; Sub-contractors.

- 1.1 Services. Contractor will provide all services necessary to assure the Project is completed timely and efficiently consistent with Project requirements, including, but not limited to, working in close interaction and interfacing with City and its designated employees, and working closely with others, including other contractors or consultants, retained by City.
- 1.2 Project Team.
 - a. Project Manager.
 - (1) Contractor will designate an employee as Project Manager with sufficient training, knowledge, and experience to, in the City's opinion, complete the Project and handle all aspects of the Project such that the work produced by Contractor is consistent with applicable standards as detailed in this Agreement;
 - (2) The City must approve the designated Project Manager; and
 - (3) To assure the Project schedule is met, Project Manager may be required to devote no less than a specific amount of time as set out in Exhibit A.
 - b. Project Team.
 - (1) The Project Manager and all other employees assigned to the Project by Contractor will comprise the "Project Team."
 - (2) Project Manager will have responsibility for and will supervise all other employees assigned to the Project by Contractor.
 - c. Discharge, Reassign, Replacement.
 - (1) Contractor acknowledges the Project Team is comprised of the same persons and roles for each as may have been identified in **Exhibit A**.

- (2) Contractor will not discharge, reassign or replace or diminish the responsibilities of any of the employees assigned to the Project who have been approved by City without City's prior written consent unless that person leaves the employment of Contractor, in which event the substitute must first be approved in writing by City.
- (3) Contractor will change any of the members of the Project Team at the City's request if an employee's performance does not equal or exceed the level of competence that the City may reasonably expect of a person performing those duties or if the acts or omissions of that person are detrimental to the development of the Project.

d. Sub-contractors.

- (1) Contractor may engage specific technical contractors (each a "Subcontractor") to furnish certain service functions.
- (2) Contractor will remain fully responsible for each Subcontractor's services.
- (3) Subcontractors must be approved by the City, unless the Sub-contractor was listed as providing services in Exhibit A.
- (4) Contractor shall certify by letter that contracts with Subcontractors have been executed incorporating requirements and standards as set forth in this Agreement.

2. **Schedule.** The services will be undertaken in a manner that ensures the Project is completed timely and efficiently in accordance with the Project.

3. **Contractor's Work.**

3.1 Standard. Contractor must perform services in accordance with the standards of due diligence, care, and quality prevailing among contractors having substantial experience with the successful furnishing of services for projects that are equivalent in size, scope, quality, and other criteria under the Project and identified in this Agreement.

3.2 Licensing. Contractor warrants that:

- a. Contractor and Subcontractors will hold all appropriate and required licenses, registrations and other approvals necessary for the lawful furnishing of services ("Approvals"); and
- b. Neither Contractor nor any Subcontractor has been debarred or otherwise legally excluded from contracting with any federal, state, or local governmental entity ("Debarment").
 - (1) City is under no obligation to ascertain or confirm the existence or issuance of any Approvals or Debarments or to examine Contractor's contracting ability.
 - (2) Contractor must notify City immediately if any Approvals or Debarment changes during the Agreement's duration and the failure of the Contractor to notify City as required will constitute a material default under the Agreement.

3.3 Compliance. Services will be furnished in compliance with applicable federal, state, county and local statutes, rules, regulations, ordinances, building codes, life safety codes, and other standards and criteria designated by City.

3.4 Coordination; Interaction.

- a. For projects that the City believes requires the coordination of various professional services, Contractor will work in close consultation with City to proactively interact with any other professionals retained by City on the Project ("Coordinating Project Professionals").
- b. Subject to any limitations expressly stated in the Project Budget, Contractor will meet to review the Project, Schedule, Project Budget, and in-progress work with Coordinating

Project Professionals and City as often and for durations as City reasonably considers necessary in order to ensure the timely work delivery and Project completion.

- c. For projects not involving Coordinating Project Professionals, Contractor will proactively interact with any other contractors when directed by City to obtain or disseminate timely information for the proper execution of the Project.

3.5 Work Product.

- a. Ownership. Upon receipt of payment for services furnished, Contractor grants to City, and will cause its Subcontractors to grant to the City, the exclusive ownership of and all copyrights, if any, to evaluations, reports, drawings, specifications, project manuals, surveys, estimates, reviews, minutes, all "architectural work" as defined in the United States Copyright Act, 17 U.S.C § 101, *et seq.*, and other intellectual work product as may be applicable ("Work Product").
 - (1) This grant is effective whether the Work Product is on paper (e.g., a "hard copy"), in electronic format, or in some other form.
 - (2) Contractor warrants, and agrees to indemnify, hold harmless and defend City for, from and against any claim that any Work Product infringes on third-party proprietary interests.
- b. Delivery. Contractor will deliver to City copies of the preliminary and completed Work Product promptly as they are prepared.
- c. City Use.
 - (1) City may reuse the Work Product at its sole discretion.
 - (2) In the event the Work Product is used for another project without further consultations with Contractor, the City agrees to indemnify and hold Contractor harmless from any claim arising out of the Work Product.
 - (3) In such case, City shall also remove any seal and title block from the Work Product.

4. **Compensation for the Project.**

- 4.1 Compensation. Contractor's compensation for the Project, including those furnished by its Subcontractors will not exceed \$211,723.00, as specifically detailed in **Exhibit B** (the "Compensation").
- 4.2 Change in Scope of Project. The Compensation may be equitably adjusted if the originally contemplated scope of services as outlined in the Project is significantly modified.
 - a. Adjustments to the Compensation require a written amendment to this Agreement and may require City Council approval.
 - b. Additional services which are outside the scope of the Project contained in this Agreement may not be performed by the Contractor without prior written authorization from the City.
 - c. Notwithstanding the incorporation of the Exhibits to this Agreement by reference, should any conflict arise between the provisions of this Agreement and the provisions found in the Exhibits and accompanying attachments, the provisions of this Agreement shall take priority and govern the conduct of the parties.

5. **Billings and Payment.**

5.1 Applications.

- a. Contractor will submit monthly invoices (each, a "Payment Application") to City's Project Manager and City will remit payments based upon the Payment Application as stated below.

- b. The period covered by each Payment Application will be one calendar month ending on the last day of the month or as specified in the solicitation.

5.2 Payment.

- a. After a full and complete Payment Application is received, City will process and remit payment within 30 days.
- b. Payment may be subject to or conditioned upon City's receipt of:
 - (1) Completed work generated by Contractor and its Subcontractors; and
 - (2) Unconditional waivers and releases on final payment from Subcontractors as City may reasonably request to assure the Project will be free of claims arising from required performances under this Agreement.

5.3 Review and Withholding. City's Project Manager will timely review and certify Payment Applications.

- a. If the Payment Application is rejected, the Project Manager will issue a written listing of the items not approved for payment.
- b. City may withhold an amount sufficient to pay expenses that City reasonably expects to incur in correcting the deficiency or deficiencies rejected for payment.

6. **Termination.**

6.1 For Convenience. City may terminate this Agreement for convenience, without cause, by delivering a written termination notice stating the effective termination date, which may not be less than 30 days following the date of delivery.

- a. Contractor will be equitably compensated for Services furnished prior to receipt of the termination notice and for reasonable costs incurred.
- b. Contractor will also be similarly compensated for any approved effort expended and approved costs incurred that are directly associated with Project closeout and delivery of the required items to the City.

6.2 For Cause. City may terminate this Agreement for cause if Contractor fails to cure any breach of this Agreement within seven days after receipt of written notice specifying the breach.

- a. Contractor will not be entitled to further payment until after City has determined its damages. If City's damages resulting from the breach, as determined by City, are less than the equitable amount due but not paid Contractor for Services furnished, City will pay the amount due to Contractor, less City's damages, in accordance with the provisions of Sec. 5.
- b. If City's direct damages exceed amounts otherwise due to Contractor, Contractor must pay the difference to City immediately upon demand; however, Contractor will not be subject to consequential damages of more than \$1,000,000 or the amount of this Agreement, whichever is greater.

7. **Conflict.** Contractor acknowledges this Agreement is subject to A.R.S. § 38-511, which allows for cancellation of this Agreement in the event any person who is significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on City's behalf is also an employee, agent, or consultant of any other party to this Agreement.

8. **Insurance.**

8.1 Requirements. Contractor must obtain and maintain the following insurance ("Required Insurance"):

- a. Contractor and Subcontractors. Contractor, and each Subcontractor performing work or providing materials related to this Agreement must procure and maintain the insurance

coverages described below (collectively referred to herein as the "Contractor's Policies"), until each Party's obligations under this Agreement are completed.

- b. General Liability.
 - (1) Contractor must at all times relevant hereto carry a commercial general liability policy with a combined single limit of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate limit.
 - (2) Sub-contractors must at all times relevant hereto carry a general commercial liability policy with a combined single limit of at least \$1,000,000 per occurrence.
 - (3) This commercial general liability insurance must include independent contractors' liability, contractual liability, broad form property coverage, XCU hazards if requested by the City, and a separation of insurance provision.
 - (4) These limits may be met through a combination of primary and excess liability coverage.
- c. Professional Liability. Consultant must maintain a professional errors and omissions liability policy providing a minimum limit of \$1,000,000 for each claim and a \$2,000,000 annual aggregate limit.
- d. Auto. A business auto policy providing a liability limit of at least \$1,000,000 per accident for Contractor and \$1,000,000 per accident for Subcontractors and covering owned, non-owned and hired automobiles.
- e. Workers' Compensation and Employer's Liability. Contractor must also maintain a workers' compensation and employer's liability policy providing at least the minimum benefits required by Arizona law.
- f. Notice of Changes. Contractor's Policies must provide for not less than 30 days' advance written notice to City Representative of:
 - (1) Cancellation or termination of Contractor or Subcontractor's Policies;
 - (2) Reduction of the coverage limits of any of Contractor or and Subcontractor's Policies; and
 - (3) Any other material modification of Contractor or Subcontractor's Policies related to this Agreement.
- g. Certificates of Insurance.
 - (1) Within 10 business days after the execution of the Agreement, Contractor must deliver to City Representative certificates of insurance for each of Contractor and Sub-contractor's Policies, which will confirm the existence or issuance of Contractor and Subcontractor's Policies in accordance with the provisions of this section, and copies of the endorsements of Contractor and Subcontractor's Policies in accordance with the provisions of this section.
 - (2) City is and will be under no obligation either to ascertain or confirm the existence or issuance of Contractor and Subcontractor's Policies, or to examine Contractor and Subcontractor's Policies, or to inform Contractor or Subcontractor in the event that any coverage does not comply with the requirements of this section.
 - (3) Contractor's failure to secure and maintain Contractor Policies and to assure Subcontractor policies as required will constitute a material default under the Agreement.

- h. Other Contractors or Vendors.
 - (1) Other contractors or vendors that may be contracted with in connection with the Project must procure and maintain insurance coverage as is appropriate to their particular contract.
 - (2) This insurance coverage must comply with the requirements set forth above for Contractor's Policies (e.g., the requirements pertaining to endorsements to name the parties as additional insured parties and certificates of insurance).
- i. Policies. Except with respect to workers' compensation and professional liability coverages, City must be named and properly endorsed as additional insureds on all liability policies required by this section.
 - (1) The coverage extended to additional insureds must be primary and must not contribute with any insurance or self-insurance policies or programs maintained by the additional insureds.
 - (2) All insurance policies obtained pursuant to this section must be with companies legally authorized to do business in the State of Arizona and reasonably acceptable to all parties.

8.2 Subcontractors.

- a. Contractor must also cause its Subcontractors to obtain and maintain the Required Insurance.
- b. City may consider waiving these insurance requirements for a specific Subcontractor if City is satisfied the amounts required are not commercially available to the Subcontractor and the insurance the Subcontractor does have is appropriate for the Subcontractor's work under this Agreement.
- c. Contractor and Subcontractors must provide to the City proof of the Required Insurance whenever requested.

8.3 Indemnification.

- a. To the fullest extent permitted by law, Contractor must defend, indemnify, and hold harmless City and its elected officials, officers, employees and agents (each, an "Indemnified Party," collectively, the "Indemnified Parties"), for, from, and against any and all claims, demands, actions, damages, judgments, settlements, personal injury (including sickness, disease, death, and bodily harm), property damage (including loss of use), infringement, governmental action and all other losses and expenses, including attorneys' fees and litigation expenses (each, a "Demand or Expense"; collectively, "Demands or Expenses") asserted by a third-party (i.e. a person or entity other than City or Contractor) and that arises out of or results from the breach of this Agreement by the Contractor or the Contractor's negligent actions, errors or omissions (including any Subcontractor or other person or firm employed by Contractor), whether sustained before or after completion of the Project.
- b. This indemnity and hold harmless provision applies even if a Demand or Expense is in part due to the Indemnified Party's negligence or breach of a responsibility under this Agreement, but in that event, Contractor shall be liable only to the extent the Demand or Expense results from the negligence or breach of a responsibility of Contractor or of any person or entity for whom Contractor is responsible.
- c. Contractor is not required to indemnify any Indemnified Parties for, from, or against any Demand or Expense resulting from the Indemnified Party's sole negligence or other fault solely attributable to the Indemnified Party.

9. Immigration Law Compliance.

- 9.1 Contractor, and on behalf of any subcontractor, warrants, to the extent applicable under A.R.S. § 41-4401, compliance with all federal immigration laws and regulations that relate to their employees as well as compliance with A.R.S. § 23-214(A) which requires registration and participation with the E-Verify Program.
- 9.2 Any breach of warranty under this section is considered a material breach of this Agreement and is subject to penalties up to and including termination of this Agreement.
- 9.3 City retains the legal right to inspect the papers of any Contractor or subcontractor employee who performs work under this Agreement to ensure that the Contractor or any subcontractor is compliant with the warranty under this section.
- 9.4 City may conduct random inspections, and upon request of City, Contractor shall provide copies of papers and records of Contractor demonstrating continued compliance with the warranty under this section. Contractor agrees to keep papers and records available for inspection by the City during normal business hours and will cooperate with City in exercise of its statutory duties and not deny access to its business premises or applicable papers or records for the purposes of enforcement of this section.
- 9.5 Contractor agrees to incorporate into any subcontracts under this Agreement the same obligations imposed upon Contractor and expressly accrue those obligations directly to the benefit of the City. Contractor also agrees to require any subcontractor to incorporate into each of its own subcontracts under this Agreement the same obligations above and expressly accrue those obligations to the benefit of the City.
- 9.6 Contractor's warranty and obligations under this section to the City is continuing throughout the term of this Agreement or until such time as the City determines, in its sole discretion, that Arizona law has been modified in that compliance with this section is no longer a requirement.
- 9.7 The "E-Verify Program" above means the employment verification program administered by the United States Department of Homeland Security, the Social Security Administration, or any successor program.

10. Prohibitions. Contractor certifies under A.R.S. §§ 35-391 *et seq.* and 35-393 *et seq.*, that it does not have, and during the term of this Agreement will not have, "scrutinized" business operations, as defined in the preceding statutory sections, in the countries of Sudan or Iran.

11. Notices.

- 11.1 A notice, request or other communication that is required or permitted under this Agreement (each a "Notice") will be effective only if:
 - a. The Notice is in writing; and
 - b. Delivered in person or by overnight courier service (delivery charges prepaid), certified or registered mail (return receipt requested); and
 - c. Notice will be deemed to have been delivered to the person to whom it is addressed as of the date of receipt, if:
 - (1) Received on a business day before 5:00 p.m at the address for Notices identified for the Party in this Agreement by U.S. Mail, hand delivery, or overnight courier service; or
 - (2) As of the next business day after receipt, if received after 5:00 p.m.
 - d. The burden of proof of the place and time of delivery is upon the Party giving the Notice.
 - e. Digitalized signatures and copies of signatures will have the same effect as original signatures.

11.2 Representatives.

- a. Contractor. Contractor's representative (the "Contractor's Representative") authorized to act on Contractor's behalf with respect to the Project, and his or her address for Notice delivery is:

Cherie R. Wright, Partner
c/o Heinfeld, Meech & Co., P.C.
3033 N. Central Avenue, Suite 300
Phoenix AZ 85012
602-277-9449 X 376

- b. City. City's representative ("City's Representative") authorized to act on City's behalf, and his or her address for Notice delivery is:

City of Glendale
c/o Purab Adabala
5800 W Glenn Drive, Suite 315
Glendale, Arizona 85301
623-930-2926

With required copy to:

City Manager
City of Glendale
5850 West Glendale Avenue
Glendale, Arizona 85301

City Attorney
City of Glendale
5850 West Glendale Avenue
Glendale, Arizona 85301

- c. Concurrent Notices.

- (1) All notices to City's representative must be given concurrently to City Manager and City Attorney.
- (2) A notice will not be deemed to have been received by City's representative until the time that it has also been received by the City Manager and the City Attorney.
- (3) City may appoint one or more designees for the purpose of receiving notice by delivery of a written notice to Contractor identifying the designee(s) and their respective addresses for notices.

- d. Changes. Contractor or City may change its representative or information on Notice, by giving Notice of the change in accordance with this section at least ten days prior to the change.

12. Financing Assignment. City may assign this Agreement to any City-affiliated entity, including a non-profit corporation or other entity whose primary purpose is to own or manage the Project.

13. Entire Agreement; Survival; Counterparts; Signatures.

13.1 Integration. This Agreement contains, except as stated below, the entire agreement between City and Contractor and supersedes all prior conversations and negotiations between the parties regarding the Project or this Agreement.

- a. Neither Party has made any representations, warranties or agreements as to any matters concerning the Agreement's subject matter.
- b. Representations, statements, conditions, or warranties not contained in this Agreement will not be binding on the parties.

- c. Inconsistencies between the solicitation, any addenda attached to the solicitation, the response or any excerpts attached as **Exhibit A** and this Agreement will be resolved in favor of the terms and conditions stated in this Agreement.

13.2 Interpretation.

- a. The parties fairly negotiated the Agreement's provisions to the extent they believed necessary and with the legal representation they deemed appropriate.
- b. The parties are of equal bargaining position and this Agreement must be construed equally between the parties without consideration of which of the parties may have drafted this Agreement.
- c. The Agreement will be interpreted in accordance with the laws of the State of Arizona.

13.3 Survival. Except as specifically provided otherwise in this Agreement, each warranty, representation, indemnification and hold harmless provision, insurance requirement, and every other right, remedy and responsibility of a Party, will survive completion of the Project, or the earlier termination of this Agreement.

13.4 Amendment. No amendment to this Agreement will be binding unless in writing and executed by the parties. Electronic signature blocks do not constitute execution for purposes of this Agreement. Any amendment may be subject to City Council approval.

13.5 Remedies. All rights and remedies provided in this Agreement are cumulative and the exercise of any one or more right or remedy will not affect any other rights or remedies under this Agreement or applicable law.

13.6 Severability. If any provision of this Agreement is voided or found unenforceable, that determination will not affect the validity of the other provisions, and the voided or unenforceable provision will be reformed to conform with applicable law.

13.7 Counterparts. This Agreement may be executed in counterparts, and all counterparts will together comprise one instrument.

14. **Term.** The term of this Agreement commences upon the effective date and continues for a one three-year initial period. The City may, at its option and with the approval of the Contractor, extend the term of this Agreement an additional two years. Contractor will be notified in writing by the City of its intent to extend the Agreement period at least 30 calendar days prior to the expiration of the original or any renewal Agreement period. Price adjustments will only be reviewed during the Agreement renewal period. There are no automatic renewals of this Agreement.

15. **Dispute Resolution.** Each claim, controversy and dispute (each a "Dispute") between Contractor and City will be resolved in accordance with Exhibit C. The final determination will be made by the City.

16. **Exhibits.** The following exhibits, with reference to the term in which they are first referenced, are incorporated by this reference.

Exhibit A Project (City of Glendale Solicitation No. RFP 13-21 and the Contractor's response thereto).

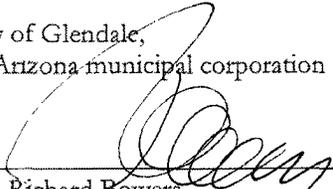
Exhibit B Compensation

Exhibit C Dispute Resolution

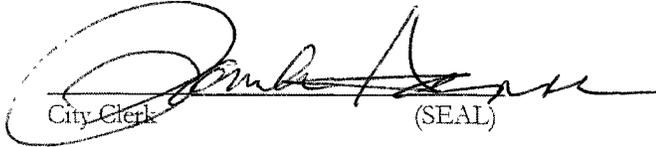
(Signatures appear on the following page.)

The parties enter into this Agreement as of the effective date shown above.

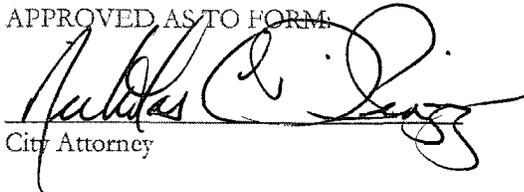
City of Glendale,
an Arizona municipal corporation


By: Richard Bowers
Its: Acting City Manager

ATTEST:


City Clerk (SEAL)

APPROVED AS TO FORM:


City Attorney

Heinfeld, Meech & Co., P.C.,
an Arizona Professional Coporation

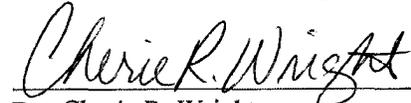

By: Cherie R. Wright
Its: Partner

EXHIBIT A
Performance Audit of the Glendale Onboard Transportation Program
PROJECT

(See attached City of Glendale Solicitation No. RFP 13-21 and the Contractor's response thereto.)



CITY OF GLENDALE MATERIALS MANAGEMENT REQUEST FOR PROPOSAL

SOLICITATION NUMBER: RFP 13-21

DESCRIPTION: Performance Audit of the GO Program

OFFER DUE DATE AND TIME: March 7, 2013, AT 2:00 P.M. LOCAL TIME

SUBMITTAL LOCATION: City of Glendale
Materials Management
5850 West Glendale Avenue, Suite 317
Glendale, Arizona 85301

Proposals must be in the actual possession of Materials Management on or prior to the time and date, and at the location indicated. Materials Management is located on the 3rd floor of the Glendale Municipal Office Complex (City Hall) behind the Engineering Department. Proposals are accepted from the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, unless otherwise indicated for a holiday. All proposals will be time stamped at the Engineering Department's front counter. Late proposals will not be considered.

The City of Glendale offices associated with the collection of solicitation proposals will be closed on Presidents Day, February 18, 2013.

Proposals must be submitted in a sealed envelope with the Solicitation Number and the Offeror's name and address clearly indicated on the envelope. **See Paragraph 2.3 for additional instructions for preparing an offer.**

Proposals shall be opened publicly at the time, place and location designated on this page. Only the name of each Offeror shall be publicly read and recorded. All other information contained in the proposals shall be confidential so as to avoid disclosure of contents prejudicial to competing Offerors.

OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE SOLICITATION.

For questions regarding this solicitation contact:
Name: Robert Schoepe, M.Ad.
Title: Contract Analyst
Phone: 623/930-2866
Email address: rschoepe@glendaleaz.com

 <p>GLEND LE</p>	<p>Solicitation Number: RFP 13-21</p> <p>Performance Audit of the GO Program</p> <p>SECTION 1 - SPECIFICATIONS</p>	<p>CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301</p>
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1.0 SPECIFICATIONS

1.1 INTRODUCTION

The City of Glendale (“City”) invites proposals from qualified certified public accounting firms to audit performance of the City’s Glendale Onboard (GO) Transportation Program.

The revenues, project expenditures and balances of the GO Program are reviewed each year as part of the City’s independent external audit. The proposed audit of the GO Program will primarily be a performance audit that evaluates performance, consistency with voter intent, and project completion in a timely and cost effective manner.

This audit is to satisfy the requirement in City Ordinance Number 2241 for performance, fiscal accountability within the Program and consistency with voter intent, in addition to the annual financial audit. The performance audit is to cover a three-year period. This is the third performance audit of the GO Program and shall cover FY 2008-09 through FY 2010-11. The first performance audit of the GO Program, covering FY 2001-02 through FY 2004-05, was completed in April 2006. The second performance audit of the GO Program, covering FY 2005-06 through FY 2007-08, was completed in November 2010.

As also stated in the Ordinance:

Projects and services targeted for transportation sales tax funding will be included in a financially balanced Long Range Transportation Plan that is updated every year.

The audit will address cost and funding to confirm that the adopted 25-year GO Program is financially balanced.

1.2 BACKGROUND

On November 6, 2001, voters of the City of Glendale approved Proposition 402, which authorized a new half-cent sales tax for transportation purposes. The ballot included four (4) maps specifying the transportation projects and services that will be provided with these new funds. The package of projects was front loaded to complete all street and bicycle projects in the first five (5) years, with the exception of the East/West Super Street Connector, which is a long-term concept now known as the Northern Parkway. In addition, the GO Transportation Program, as approved by voters, includes federal, state and regional matching funds.

Proposition 402 included a commitment to form a Citizen Transportation Oversight Commission (CTOC) to ensure that the intent of voters was carried out. Also, a commitment was made to provide CTOC with the tools needed to provide effective oversight, including a

 <p>GLENDALÉ</p>	<p>Solicitation Number: RFP 13-21</p> <p>Performance Audit of the GO Program</p> <p>SECTION 1 - SPECIFICATIONS</p>	<p>CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301</p>
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long-range program of sales-tax-funded projects and an annual report that addresses funding balances and consistence with voter actions.

An audit of the GO Program was included in the GO process to ensure voter-approved projects are completed in a cost-effective manner. The audit and other fiscal analyses will determine if the GO Program is financially balanced as presented in the Annual Report and 25-Year Transportation Program. This financial analysis will also evaluate the timely delivery of projects resulting in a need for review of recommendations from the 2010 Performance Audit of the GO Program. Previous reports and analysis will be provided to the contractor selected to perform this audit.

Work will be performed under the authority of the City’s Project Manager for this contract, the Project Supervisor and the Audit Oversight Committee composed of a representative from CTOC and City staff from the Departments of Transportation, Engineering and Financial Services. CTOC will also oversee this audit.

1.3 AVAILABLE INFORMATION

References to the GO Program audit are found in several sources, as follows:

Transportation Election Package (June 2001) – “This new Transportation Sales Tax Fund will be audited by an independent firm every three years for performance, fiscal accountability and consistency with voter action. The Citizens Transportation Oversight Commission will review these audits and forward them to the City Council.”

Transportation Brochure (September 2001) – “This new Transportation Sales Tax Fund will be audited by an independent firm every three years for performance and accountability.”

Ordinance Creating CTOC (February 2002) – “This new Transportation Sales Tax Fund will be audited as part of the City’s independent audit every three years for performance, fiscal accountability within the Program and consistency with voter actions. The Commission will review these audits and forward them to City Council.”

Although the audit was not identified specifically in the transportation tax ballot (as contained in the publicity pamphlet), there is a reference to monitoring projects as follows:

Publicity Pamphlet and Ballot (November 2001) – “To ensure public input and government accountability, a Citizens Transportation Oversight Commission (CTOC) shall be established. The CTOC shall monitor the transportation fund expenditures to ensure that the voter-approved projects in accordance with this measure are completed in a timely and cost-effective manner, and may recommend adjustments to projects when warranted to serve the best interests of the public.” (Official election information mailed to all voters prior to the

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November 6, 2001 Special Transportation Election which included official ballot maps of transportation projects.)

Specific documents which address the GO Program specifically during the audit period include:

- Comprehensive Annual Financial Report for the Year Ended June 30, 2009*
- Comprehensive Annual Financial Report for the Year Ended June 30, 2010*
- Comprehensive Annual Financial Report for the Year Ended June 30, 2011*

(Copies of previous CAFR documents are available on the public web site at <http://www.glendaleaz.com/finance/>).

- FY 2009 Annual Report; and FY 2010-2034 Program of Projects*
- FY 2010 Annual Report; and FY 2011-2035 Program of Projects*
- FY 2011 Annual Report; and FY 2012-2036 Program of Projects*

- Performance Audit 2005
- Performance Audit 2010

1.4 FOCUS AND LIMITATIONS

As required in City of Glendale Ordinance No. 2241, “the Transportation Sales Tax Program will be audited as part of the City’s independent audit every three (3) years for performance, fiscal accountability within the Program and consistency with voter actions.”

This audit will require four types of expertise: auditing, transportation planning, programming, accounting and economic analysis.

As part of this proposed independent audit, transportation staff and the consultant will work with various city departments as needed.

An opinion by the resulting contractor (Consultant) on the accuracy of financial statements provided in previous city audits is not needed.

1.5 WORK TASKS

1.5.1 Task One: Audit Scope of Work.

- The Audit Scope of Work as referenced in the resulting contract will be reviewed with the Consultant by staff and the Audit Oversight Committee.



Solicitation Number: RFP 13-21
Performance Audit of the GO Program
SECTION 1 - SPECIFICATIONS

CITY OF GLENDALE
Materials Management
5850 West Glendale Avenue,
Suite 317
Glendale, Arizona 85301

- The Audit Oversight Committee will review all deliverables for work tasks and monitor the progress of the audit.
- Possible adjustments may be needed at the start or as work progresses.
- The Audit Scope of Work will also include a schedule that is periodically updated as necessary.

1.5.2 Task Two: Are Commitments to Voters Being Met?

- Document commitments made to voters.
- Did the executed programs meet the voter intent?
- Are GO funds being used for Council-directed and CTOC-recommended projects?
- Were additional projects in the GO Program, recommended by the City Council and CTOC, consistent with voter intent?

1.5.3 Task Three: Is the Citizens Transportation Oversight Commission (CTOC) Meeting Voter Commitments?

- Is CTOC meeting legal requirements?
- Is CTOC effectively serving the public interest?

1.5.4 Task Four: Summarize City Financial Audits

- Summarize GO transportation elements of previous city comprehensive annual financial reports (FY 2009-2011).
- Summarize basic findings including annual revenues, expenditures and fund balance.
- Did staff address all comments from the external auditor that are related to the GO Transportation Program?

1.5.5 Task Five: Is the GO Program Being Addressed Fairly and Accurately in City Financial Practices?

- Are GO funds being deposited in a separate general ledger account?
- Is reasonable interest being accrued on unused funds?
- Is the allocation of general funds in accord with voter commitments?
- Are indirect charges fair and accurate?
- How is the fund balance being invested? Should there be a separate policy for this fund?
- Are maintenance charges being fairly addressed?
- Are CIP set asides (art, maintenance, engineering and finance) fair and accurate?
- Is the Program following all accepted city standards for purchasing?
- Is the GO Program consistent with the CIP?

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1.5.6 Task Six: Is the 25-Year Program Financially Balanced and Based on Reasonable Estimates?

- Are the financial projections reasonable, including sales tax, general funds, fare box, regional, state and federal sources?
- Are cost estimates reasonable?
- Are financial factors such as interest rates, bonding levels, and inflation rates reasonable?
- Is the schedule of planned activity achievable?
- What is the process used to adjust the schedule? Is this in keeping with the intent of voters?
- Is the 25-year Program consistent with regional programs, including
 - MAG—TIP, RTP and ALCP
 - RPTA/METRO—TLCP and Rail TLCP
 - MCDOT—CIP and Northern Parkway Life Cycle Program
 - ADOT—CIP
 - Are Glendale matching funds being taken into account?

1.5.7 Task Seven: Final Report

The Consultant shall produce a detailed report with findings and recommendations and an executive summary for action by the Audit Oversight Committee. A final product will be an executive summary for general distribution. Results will be presented to CTOC for a recommendation and then forwarded to the City Council.

1.6 WORK PROCESS

The Consultant will report to the Project Manager and work with an Audit Oversight Committee. Each task requires a working paper and an executive summary and initial drafts shall be provided to the Project Manager.

1.7 DELIVERABLES

Unless otherwise noted, all working papers and the final report will be delivered in Microsoft Word on a compact disc and hard paper copy. It is estimated that first drafts of Audit Report and Executive Summary will be completed within five (5) months from the Notice to Proceed. Deliverables include the following:

- Task One: First, second and third drafts of revised scope of work.
- Task Two: First, second and third drafts of working paper.
- Task Three: First, second and third drafts of working paper.

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- Task Four: First, second and third drafts of working paper.
- Task Five: First, second and third drafts of working paper.
- Task Six: First, second and third drafts of working paper.
- Task Seven: First, second and third drafts of Audit Report and Executive Summary; Thirty copies of the final printed report, and the Executive Summary, and thirty compact discs with final Audit Report and Executive Summary and backup documentation.
- The consultant will be required to submit monthly progress reports by task to the project manager

1.8 COST AND TIMING

The total cost of this project shall be included in the proposal. This shall include but not be limited to: all per diem, travel, airfare, hotels, car rental, meals, duplicating, postage, telephoning, office supplies and hourly rates with the total number of hours required for each staff that will be performing the audit. It is estimated that first drafts of Audit Report and Executive Summary will be completed within five (5) months from the Notice to Proceed. A project schedule broken down by tasks, timelines and costs will be required.

1.9 OTHER CONSIDERATIONS

- 1.9.1 The consultant shall provide all personnel, equipment and supplies necessary to complete professional services set forth in the scope of work.
- 1.9.2 The City will make no reimbursements for any cost incurred prior to the formal Notice to Proceed.
- 1.9.3 The City reserves the right to reject any and all proposals and resolicit or cancel this procurement if deemed to be in the best interests of the City.
- 1.9.4 The consultant’s progress reports, organized by task, will be required to be submitted monthly to the Project Manager.
- 1.9.5 Following the monthly submittal of a bill by the consultant, which includes the percent of work completed and a detailed status report on each project task, the consultant shall receive progress payments. All bills submitted by the consultant shall be directed to the project manager for review and authorization of payment.
- 1.9.6 The City will pay up to 50% of the contract upon the acceptable completion of the field work data collection phase and a draft report that sufficiently addresses the defined objectives and scope of work; no more than 85% of the contract upon submittal of a final draft report; and the remaining 15% upon completion of the final report. Disagreement with the findings is not a reason for withholding payment.



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Performance Audit of the GO Program
SECTION 1 - SPECIFICATIONS

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5850 West Glendale Avenue,
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- 1.9.7 To meet the requirements of the request for proposal, the audit shall be performed in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants and the standards for financial audits as set forth in the U.S. General Accounting Office's Government Auditing Standards (2011), Generally Accepted Government Auditing Standards (GAGAS), Generally Accepted Auditing Standards (GAAS), and Generally Accepted Accounting Principles (GAAP). The report should state the specific standards that were used to perform the audit.

 <p>GLENDALÉ</p>	<p>Solicitation Number: RFP 13-21</p> <p>Performance Audit of the GO Program</p> <p>SECTION 2 – SPECIAL TERMS AND CONDITIONS</p>	<p>CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301</p>
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2.0 SPECIAL TERMS AND CONDITIONS

2.1 INCORPORATION BY REFERENCE All responses shall incorporate by reference the Scope/Specifications, terms and conditions, general instructions and conditions and any attachments. The Standard Terms and Conditions applicable to this solicitation are posted on the Internet. They are available for review and download at the City’s Materials Management Internet home page, www.glendaleaz.com/purchasing. Offerors are advised to review all provisions of the General Instructions and Conditions for this solicitation.

2.2 RETURN OF OFFER Five (5) entire sets of the proposal response shall be submitted, with one (1) hard copy marked as “original” plus one (1) CD-ROM containing all original documents.

The Offeror shall complete all sections of the solicitation in the format given in the space provided. If additional space is needed than what is given, enter “See attachment for detail.”

2.3 PREPARATION OF OFFER PACKAGE The following items shall be completed and returned. Failure to include all the items may result in an offer being rejected. Offer packages shall be submitted in the following order:

- 2.3.1 OFFER SHEET**, Section 4.0
- 2.3.2 PRICE SHEET**, Section 5.0
- 2.3.3 ADDENDUM**, Return all addenda (if applicable).
- 2.3.4 SUBMISSION REQUIREMENTS/QUESTIONNAIRE**, Section 3.0

2.4 ALTERNATE OFFERS/EXCEPTIONS Offers submitted as alternates, or on the basis of exceptions to specific conditions of purchase and/or required specifications, must be submitted as an attachment referencing the specific paragraph number(s) and adequately defining the alternate or exception submitted. Detailed product brochures and/or technical literature, suitable for evaluation, must be submitted with the Offer. If no exceptions are taken, City will expect and require complete compliance with the specifications and all conditions of purchase.

2.5 CLARIFICATION AND INFORMATION REQUEST: The City may not respond to any requests for information pertaining to specifications received less than two working days (Monday-Friday) before the opening due date. Any interpretation or correction of the solicitation documents impacting specifications, scope of work or response requirements will be made only by addendum. The City is not responsible for any other explanations or interpretations of the solicitation documents.

 <p>GLENDALÉ</p>	<p>Solicitation Number: RFP 13-21</p> <p>Performance Audit of the GO Program</p> <p>SECTION 2 – SPECIAL TERMS AND CONDITIONS</p>	<p>CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301</p>
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- 2.6 EVALUATION CRITERIA** The criteria is listed with their relative weights.
- 2.6.1 Compliance with Specifications The firm meets the needs of the City to fulfill the specifications and has clearly presented compliance within the proposal. Also the Offeror must demonstrate a clear understanding of the job that needs to be completed. (40%)
 - 2.6.2 Firm’s Capability. The firm’s track record in managing projects with delivery on time and within budget. The capability and availability of the prime and sub-consultants will be part of this evaluation. Also included are the qualifications of the personnel committed to this project. Special consideration will be given to the ability and experience of the project manager. (30%)
 - 2.6.3 Work Plan Includes a clear definition of responsibilities with committed leadership and ability to work together. Also, approaches to keeping the project on schedule and within budget while maintaining quality will be considered. (20%)
 - 2.6.4 Overall Price The maximum aggregate fee proposed for this performance audit. (10%)
- 2.7 EVALUATION PANEL** Submittals will be evaluated by an evaluation panel. Award shall be made to the responsive, responsible Offeror whose proposal is determined to be the most advantageous to the City. The panel may request a presentation, demonstration or other interview methodology that allows for clarification and supplementation of the proposal material.
- 2.8 PANEL CONTACT** Offeror shall have no exclusive meetings, conversations or communications with an individual evaluation panel member on any aspect of the RFP, after submittal.
- 2.9 BEST AND FINAL OFFERS** The City may request best and final offers if deemed necessary, and will determine the scope and subject of any best and final request.
- 2.10 PRICE** All prices quoted shall be firm and fixed for the specified contract period. The annual price quoted will be fixed for the initial year and may be adjusted annually thereafter.
- 2.11 FOB POINT** Prices quoted shall be FOB destination to: City of Glendale
- 2.12 TERM OF AGREEMENT** The initial term of the contract shall be three (3) years upon approval by the City Council.
- 2.13 OPTION TO EXTEND** The City may, at its option and with the approval of the contractor, extend the term of this agreement two (2) additional years in three-year increments based on satisfactory contractor performance. Contractor shall be notified in writing by the City Materials Manager of the City's intent to extend the contract period at least 30 calendar days prior to the expiration of the original contract period. Price adjustments will only be reviewed during contract renewal.

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2.14 INSURANCE Consultant, performing as an independent contractor hereunder, shall be fully responsible for providing Workers’ Compensation, or other applicable insurance coverage for itself and its employees and the City shall have no responsibility of liability for such insurance coverage.

Consultant shall provide to the City a copy of the policy or a certification by the insurance carrier, showing the Consultant to have in effect during the term of this contract, a General Liability Insurance policy, which shall be the primary coverage for Consultant activities under this contract. The coverage limits of such insurance shall not be less than those listed below.

The insurance company issuing the policy required above shall have an AM Best financial rating of “A-” or better and be authorized by the State of Arizona Department of Insurance to transact business within the State. **The certificate and policy shall name the City as an additional insured and shall be primary and non-contributory coverage. The City shall also be an additional insured to the full limits of the liability insurance purchased by the Consultant even if those limits are in excess of those required by this contract.**

The City reserves the right to terminate any contractor agreement if the contractor fails to maintain such insurance coverage.

Consultant must provide certification of insurance compliance within 10 calendar days after notification of award. Certification must include: name and address of insurance company; policy number; liability coverage amounts; a statement the policy will not be canceled or failed to be renewed without thirty (30) days written notice to the City.

Certification to be submitted to: Materials Management, 5850 W Glendale Ave. Ste 317, Glendale AZ 85301, Glendale, Arizona 85301-2599.

<u>Type of Insurance</u> <u>(Minimum)</u>	<u>Limits of Liability</u>
Workers’ Compensation	Statutory
Employer’s Liability	
Each Accident	\$100,000
Disease-Each Employee	\$100,000
Disease-Policy Limit	\$500,000

Commercial General Liability shall cover liability arising from premises, operations, property damage, products-completed operations, personal and advertising injury, independent contractors, and broad form contractual coverage.

Each Occurrence	\$1,000,000
Personal and Advertising	\$1,000,000
General Aggregate	\$2,000,000
Products-Completed Operations	\$1,000,000

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Professional Liability (Errors and Omissions) coverage shall apply to liability for a professional error, act or omission arising out of the scope of services as defined.

Per Claim	\$1,000,000
Policy Aggregate	\$2,000,000

Automobile Liability – including bodily injury and property damage for any owned, hired and non-owned vehicles used in the performance of the services.

Combined Single Limit (CSL)	\$1,000,000
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- 2.15 WORKERS' COMPENSATION** Consultant shall be in full compliance with the provisions of the Arizona Workers' Compensation Law (Title 23, Chapter 6, Arizona Revised Statutes) as amended, and all rules and regulations of the Industrial Commission of Arizona made in pursuance thereof. Consultant shall secure payment of compensation to employees by insuring the payment of such compensation with the State Compensation Fund or any insurance company authorized by the Insurance Department of Arizona to transact business in the State.

Consultant further agrees that he shall require any and all Sub-contractors performing work under the agreement to comply with said Workers' Compensation Law. It is expressly understood and agreed that all persons employed directly or indirectly by the Consultant, or any of his Sub-contractors, shall be considered the employees of such Consultant, or his sub-contractor(s), and not the employees of the City.

- 2.16 NOTICE OF INTENT TO AWARD** Information about the recommended award for this solicitation will be posted on the Internet. The information will be available for review on the City's Materials Management Internet home page www.glendaleaz.com/purchasing immediately after the City has completed its evaluation process of the offers received. If you have any questions, or would like further information about an intended award, contact the contract analyst immediately. Any protest must be submitted to the Materials Manager no later than seven (7) calendar days from the date of posting on the Internet.

- 2.17 COOPERATIVE USE OF CONTRACT** This agreement may be extended for use by other governmental agencies and political subdivisions of the State, including all members of SAVE (Strategic Alliance for Volume Expenditures). Any such usage by other entities must be in accord with the ordinances, charter, rules and regulations of the respective entity and the approval of the Contractor and City. For a list of SAVE members, click on the following link: <http://www.maricopa.gov/Materials/save.aspx>.

- 2.18 PERMITS AND LICENSES** – The Contractor shall be responsible for determining and securing, at his/her expense, any and all licenses and permits that are required by any statute, ordinance, rule or regulation of any regulatory body having jurisdiction in any manner connected with providing operations and maintenance of the facility. Such fees shall be included in and are part of the total proposal cost. During the term of the contract, the Contractor shall notify the City in writing, within two (2) working days, of any suspension, revocation or renewal.

- 2.19 LIQUIDATED DAMAGES** If the successful Offeror fails to deliver the supplies or perform the services within the time specified in this contract, or any extension thereof,



Solicitation Number: RFP 13-21

Performance Audit of the GO Program

**CITY OF GLENDALE
Materials Management
5850 West Glendale
Avenue, Suite 317
Glendale, Arizona 85301**

SECTION 2 – SPECIAL TERMS AND CONDITIONS

the actual damages to the City for the delay will be difficult or impossible to determine. Therefore, in lieu of actual damages, the successful Offeror shall pay to the City as fixed, agreed, and liquidated damages for each calendar day of delay, the amount of \$100. The successful Offeror shall not be charged with liquidated damages when the delay arises out of cause beyond the control and without the fault of negligence of the successful Offeror. The City shall determine what is beyond the control of the successful Offeror and his supplier.

	<p>Solicitation Number: RFP 13-21</p> <p>Performance Audit of the GO Program</p> <p>SECTION 3 SUBMISSION REQUIREMENTS</p>	<p>CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301</p>
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3.0 SUBMISSION REQUIREMENTS/QUESTIONNAIRE

Each proposal will be constructed in the following manner. Proposals will be reviewed, evaluated and graded by an evaluation committee according to the following criteria.

These instructions outline the guidelines governing the format and content of the proposal and the approach to be used in its development and presentation. The intent of this solicitation is to encourage responses that clearly communicate the Offeror’s understanding of the City’s requirements and its approach to successfully provide the products and/or services on time and within budget. Only that information which is essential to an understanding and evaluation of the proposal should be submitted. Items not specifically and explicitly related to this solicitation and proposal, e.g. brochures, marketing material, etc. will not be considered in the evaluation. The proposal content will be limited to 15 pages (not including the cover letter or sample audit reports).

The consultant proposal shall include the following information in the order listed below:

- Tab 1** A cover letter including a summary of the firm/consultant, brief history, work experience and qualifications. The cover letter shall not exceed two pages.
- Tab 2** Include the Offer Package documents as listed in Section 2.3 (2.3.1 through 2.3.3) of the Special Terms and Conditions.
- Tab 3** Submit a work plan which concisely explains how the consultant will carry out the audit. In the work plan, the approach to each task should be described. Include designated phases such as, but not limited to, the field work data collection phase and a draft report phase. Discuss approaches that will be used to control quality. Discuss how each task will be completed.
- Tab 4** Include a preliminary schedule for the audit in bar-chart format. Indicate all work tasks and their duration.
- Tab 5** Submit a staffing plan for the project. The Plan should include the following elements:
 - a. A project organization chart.
 - b. Names of key project team members with descriptions of roles and qualifications.
 - c. Names of sub-consultants and descriptions of roles and qualifications.
 - d. The roles and responsibilities of each team member.
 - e. Percentage of time of each team member over the contract period.
 - f. Person hours for each professional team member and support personnel.
 - g. Hourly pay rates for each professional team member and support personnel.
 - h. Cost of each task by individual professional staff, support staff and sub-consultant.
- Tab 6** Include resumes for all staff members assigned to this project.

 <p>GLENDALÉ</p>	<p align="center">Solicitation Number: RFP 13-21</p> <p align="center">Performance Audit of the GO Program</p> <p align="center">SECTION 3 SUBMISSION REQUIREMENTS</p>	<p align="center">CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301</p>
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Tab 7 Describe the Offeror's, organization and qualifications for completing this project.

Tab 8 Include Offeror's recent experience (last five years) in performing work similar to that anticipated in this project. This information shall include the following:

- a. Date of project.
- b. Name and address of client organization.
- c. Name and telephone number of individual in the client organization who is familiar with the project.
- d. Short description of the project.
- e. Sample audit report.
- f. Consultant team members involved and their role.

	Solicitation Number: RFP 13-21 Performance Audit of the GO Program SECTION 5 – PRICE SHEET	CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301
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4.0 OFFER SHEET

4.1 OFFER Offeror certifies that they have read, understand and will fully and faithfully comply with this solicitation, its attachments and any referenced documents. Offeror also certifies that the prices offered were independently developed without consultation with any of the other Offerors or potential Offerors.

_____	_____
Authorized Signature	Company's Legal Name
_____	_____
Printed Name Address	
_____	_____
Title	City, State & Zip Code
_____	_____
Telephone Number	FAX Number
_____	_____
Authorized Signature Email Address	Date

For questions regarding this offer: (If different from above)

_____	_____	_____
Contact Name	Phone Number	Fax Number

Email Address		

FEDERAL TAXPAYER ID NUMBER: _____

Arizona Sales Tax No. _____ Tax Rate _____

Offeror certifies it is a: Proprietorship ___ Partnership ___ Corporation ___

Minority or woman owned business: Yes ___ No ___

	Solicitation Number: RFP 13-21 Performance Audit of the GO Program SECTION 5 – PRICE SHEET	CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301
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5.0

PRICE SHEET

The total cost of this project shall be included in the proposal. This shall include but not be limited to: all per diem, travel, airfare, hotels, car rental, meals, duplicating, postage, telephoning, office supplies and hourly rates with the total number of hours required for each staff that will be performing the audit. It is anticipated that the agreement resulting from this solicitation, if awarded, will be a not-to-exceed budget fee form of contract.

Fixed Fee Project Cost
Amount not to Exceed:
\$

The proposal must also include an hourly rate that will apply should the City pursue work within the scope of the solicitation that extends beyond the proposed project amount indicated.

Hourly Rate		
Staff Member (see Section 3.6)	Title	Cost of Service (per hours)
		\$
		\$
		\$
		\$
		\$
		\$

Company Name _____

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5.1 PROJECT TIME SCHEDULE Offeror states work will commence _____ calendar days after receipt of order and completion shall be _____ calendar days after commencement.

5.2 DISCOUNT/PAYMENT TERMS: The City standard is 2% 20 days

Comply: YES NO
If your answer is NO, please state terms offered: _____

5.3 PROCUREMENT CARD ORDERING CAPABILITY See Section 2. Please check appropriate box.

_____ YES, I will accept payment under this contract with the Procurement Card.

_____ NO, I will not accept payment under this contract with the Procurement Card.

5.4 TAX AMOUNT Do not include any use tax or federal tax in your proposal. The City is exempt from the payment of federal excise tax and will add use tax as applicable.

Company Name _____

**City of Glendale, Arizona
Request for Proposals – RFP #13-21
Performance Audit of the GO Program
Years Ended June 30, 2009,
2010 and 2011**

Title Page

RFP No.: 13-21

Subject: Performance Audit of the GO Program

Firm Name: Heinfeld, Meech & Co., P.C.
CPAs and Business Consultants

Firm Address: 3033 N. Central Ave., Suite 300
Phoenix, AZ 85012

Phone Number: (602) 277-9449

Fax Number: (602) 277-9297

Website: www.heinfeldmeech.com

E-mail Address: info@heinfeldmeech.com

Bid Contact: Cherie R. Wright, Partner

Bid Contact Phone: (602) 277-9449, ext. 376

Bid Contact E-mail: cheriew@heinfeldmeech.com

Date Submitted: March 7, 2013 at 2:00 p.m. (MST)

Proposal is effective for 90 days.

Submitted by:
Cherie R. Wright, Partner



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HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

March 7, 2013

City of Glendale
Attn: Materials Management
5850 West Glendale Avenue, Suite 317
Glendale, AZ 85301

Dear Sir or Madam:

Thank you for the opportunity to provide a proposal to the City of Glendale (City) for the performance audit of the GO Program. We recognize the City's need for an experienced governmental auditing and consulting firm that will be timely and efficient with minimal disruption to the City's staff. We believe this proposal demonstrates our firm's professional qualifications, governmental services, and most importantly, our commitment to exceptional client services.

As a niche firm specializing in the governmental and non-profit industries, we have performed over 3,000 audits since 1986. Our firm is the industry leader in Arizona, currently providing assurance services to over 180 governmental entities in the State. We are members of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center (GAQC), which is committed to the highest standards of quality in governmental audits.

Founded over 26 years ago, the firm began as a governmental auditing firm and quickly grew in size and services based on our recognized expertise in the local and state governmental industry. Our firm is locally-owned and controlled. Due to our extensive history in the governmental industry, we can ensure that we have the staffing and experience necessary to complete this engagement for the City of Glendale. Due to our leadership in the field of governmental accounting, consulting and auditing, you can be assured that we will not vacate this sector and will continue to commit the resources necessary to complete this engagement.

A portion of this audit will be subcontracted to Bazilio Cobb Associates, P.C. This partnership will bring a unique combination of expertise that will address all the areas of this engagement – auditing, transportation planning, programming, accounting, and economic analysis. Bazilio Cobb Associates, P.C., is a full-service professional services firm that provides accounting, audit and assurance, information systems technology, financial consulting and advisory services, management consulting and income tax services. Founded in 1983, the firm is headquartered in Washington, DC and has six local offices in Bowie, Maryland; Philadelphia, Pennsylvania; Hartford, Connecticut; Atlanta, Georgia; and Torrance, California.

Our past experience with services to the City of Glendale provides the opportunity to offer efficiencies in the performance of the GO Program audit. We are offering a balance of continuity of staff assigned to the prior performance audit, as well as a rotation of some of the assigned auditors. We find this to be most effective in creating the efficiencies in the audit from year over year while maintaining a fresh perspective approach to the audit. Due to the expected efficiencies to be gained, this proposal represents a proposed reduction of approximately 250 hours over the prior audit.

3033 N. Central Ave., Suite 300 | Phoenix, AZ 85012 | 602.277.9449 | Fax: 602.277.9297
www.heinfeldmeech.com | Phoenix • Tucson • Flagstaff • Albuquerque

Imagine What We Can Do Together

March 7, 2013
Page 2

We have available capacity to complete this engagement in the timeline requested. As in any audit, the availability of City staff and the timeliness of providing requested information will be critical to meeting deadlines. *Section III* discusses our plan for developing and monitoring the audit schedule. This audit crosses multiple departments so coordination with all departments involved will be necessary to ensure the audit schedule meets the target dates for each of the audit tasks.

We appreciate this opportunity to present the following proposal to the City of Glendale. We have enjoyed working with the City's staff, and we welcome this opportunity to re-introduce you to our qualifications and abilities that will continue to benefit your City. We look forward to continuing to assist the City with achieving excellence in the GO Program.

Should you have any questions or require additional information, please contact me at (602) 277-9449, ext. 376 or cheriew@heinfeldmeech.com.

Sincerely,



Cherie R. Wright, CPA, CGFM, CGMA
Partner

	Solicitation Number: RFP 13-21 Performance Audit of the GO Program SECTION 5 – PRICE SHEET	CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301
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5.0 PRICE SHEET

The total cost of this project shall be included in the proposal. This shall include but not be limited to: all per diem, travel, airfare, hotels, car rental, meals, duplicating, postage, telephoning, office supplies and hourly rates with the total number of hours required for each staff that will be performing the audit. It is anticipated that the agreement resulting from this solicitation, if awarded, will be a not-to-exceed budget fee form of contract.

Fixed Fee Project Cost
Amount not to Exceed:
\$ 211,723

The proposal must also include an hourly rate that will apply should the City pursue work within the scope of the solicitation that extends beyond the proposed project amount indicated.

Hourly Rate		
Staff Member (see Section 3.6)	Title	Cost of Service (per hours)
Cherie R. Wright	Engagement Partner	\$ 203
Brian A. Ritschel	Engagement Manager	157
Neil S. Galassi	Supporting Audit Manager	\$ 157
Christopher A. Goeman	Senior Associate	122
Aaron Van Winkle	Senior Associate	\$ 122
Ken McGovern	Staff Associate	95
Katlin Bryant	Staff Associate	\$ 95
Justin Robertson	Staff Associate	95
Sub-Consultants:		\$
Michael J. deCastro	Principal	250
Scott P. Bryant	Senior Consultant	\$ 200
Larry Aldrich	Senior Audit Manager	175

Company Name Heinfeld, Meech & Co., P.C.

	<p>Solicitation Number: RFP 13-21</p> <p>Performance Audit of the GO Program</p> <p>SECTION 5 – PRICE SHEET</p>	<p>CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301</p>
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5.1 **PROJECT TIME SCHEDULE** Offeror states work will commence 7 calendar days after receipt of order and completion shall be 150 calendar days after commencement.

5.2 **DISCOUNT/PAYMENT TERMS:** The City standard is 2% 20 days

Comply: YES NO

If your answer is NO, please state terms offered: _____

5.3 **PROCUREMENT CARD ORDERING CAPABILITY** See Section 2. Please check appropriate box.

_____ YES, I will accept payment under this contract with the Procurement Card.

X NO, I will not accept payment under this contract with the Procurement Card.

5.4 **TAX AMOUNT** Do not include any use tax or federal tax in your proposal. The City is exempt from the payment of federal excise tax and will add use tax as applicable.

Company Name Heinfeld, Meech & Co., P.C.

III. Work Plan

The GO Program performance audit will be planned and performed in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants and the standards for financial audits as set forth in the U.S. General Accounting Office's *Government Auditing Standards* (2011), generally accepted government auditing standards (GAGAS), generally accepted auditing standards (GAAS), and generally accepted accounting principles (GAAP). Our audit will cover fiscal years 2008-09 through 2010-11 and will address performance, fiscal accountability, consistency with voter actions, and project completion in a timely and cost effective manner. Each of the phases of the audit and tasks to be performed has been outlined below. In addition, a summary of our understanding of the responsibilities of Heinfeld, Meech & Co., P.C., and the City has been included.

Audit Planning Phase (Includes Task One as Outlined in the RFP)

Task One: Audit Scope of Work

At the commencement of the project, key members of the Project Service Team will meet with City staff and the Audit Oversight Committee to discuss the scope of work. A tentative work schedule will be developed. To ensure timely completion of the audit, the availability of City staff and the timeliness of providing requested information will be critical. Throughout the duration of the project, the scope of work and the work schedule will be monitored by the Engagement Partner and Engagement Manager. Any adjustments to the scope or schedule whether deemed necessary by the City or the Project Service Team will be discussed with the Audit Oversight Committee. In addition, throughout the audit process, the Engagement Manager will present monthly progress reports identifying the percentage of work complete and the detail status for each task. For each project task, we will present working papers and drafts of the report in Microsoft Word on a compact disc and hard paper to the Audit Oversight Committee for review and comment. Our firm offers a secured client portal that may also be used. Access to the internet-based portal is password-protected and controlled by our firm.

Heinfeld, Meech & Co. Responsibilities

- Conduct entrance conference with key personnel
- Develop an understanding of client, the environment, and internal controls
- Review prior audit reports and other available information and review the status of any corrections actions for prior audit findings
- Review of relevant regulatory information, statutes, internal/external reports, etc.
- Assess engagement risks and develop a detailed audit plan to include preparation of audit programs
- Develop sampling scopes for audit testwork
- Identify responsibilities and assign tasks to the audit staff and City personnel
- Submit information requests to City's Project Manager for assignment to City staff

City's Responsibilities

- Entrance conference with audit staff, the City's Project Manager, and other staff as appropriate
- Provide copies of pertinent policies and procedures, and other relevant documents to audit staff
- Ensure availability of City staff and CTC members for interviews during the scheduled audit fieldwork dates
- Coordinate with Engagement Manager to set a mutually agreed upon audit schedule
- The City's Project Manager to meet with staff to coordinate and verify completion of information requests

Audit Testwork Phase (Includes Tasks Two through Six as Outlined in the RFP)

Task Two: Are Commitments to Voters Being Met?

Performed by Sub-Consultants – Proposition 402, passed in November 2001, included specific commitments to complete transportation improvement projects with the funds generated by the new half-cent sales tax. The following specific areas will be reviewed to determine if these commitments to voters are being met. Specific objectives and questions to be answered in this task include:

- Document commitments made to voters.
- Did the executed programs meet the commitments to the voters?
- Are GO funds being used for Council-directed and CTOC-recommended projects?
- Were additional projects in the GO Program, recommended by the City Council and CTOC, consistent with the voter intent?

The following steps will be taken to meet the objectives of Task Two:

1. Review the specific ballot language as well as the Publicity Pamphlet to specifically define and document the commitments made to voters in Proposition 402. The Publicity Pamphlet maps detailing the locations of intersection and street improvement projects, bus route improvements, specialized transit services, and bicycle and pedestrian projects will be used.
2. Determine the general objectives of Proposition 402 to be used in evaluating if changes in specific projects were consistent with those objectives.
3. Obtain and review Transportation and Engineering Department project status reports for each of the specific projects detailed in the Ballot and Publicity Pamphlet for the Special Election.
4. Compare the list of projects on the Ballot and Publicity Pamphlet with the status reports provided by the Transportation and Engineering Department.
5. Identify differences or discrepancies between the Ballot projects and status reports. This will include projects that were in the Ballot list of projects that have not been initiated or completed, and projects that were not specifically identified on the ballot that have been added to the list of projects.
6. Conduct interviews with Transportation and Engineering staff to determine the rationale for any differences or discrepancies identified including why projects were deleted, modified, or added.
7. Review minutes and actions of the City Council to identify discussions of changes in specific projects and recommendations made by the CTOC.
8. Review minutes and actions of the CTOC to identify discussions of changes in specific projects and recommendations made.
9. Determine if additions and deletions, or other changes in the transportation improvement projects and other elements defined in Proposition 402 are consistent with the general objectives of the Proposition.

Task Three: Is the Citizens Transportation Oversight Commission (CTOC) Meeting Voter Commitments?

Performed by Sub-Consultants – Proposition 402, passed in November 2001, also included commitments to provide oversight to ensure that voter intent was carried out through the CTOC and appropriate tools and support for the CTOC. The following specific areas will be reviewed to determine if these commitments to voters are being met.

Specific questions to be answered in this task include:

- Is the CTOC meeting legal requirements?
- Is the CTOC effectively serving the public interest?

The following steps will be taken to meet the objectives of Task Three:

1. Review the specific ballot language as well as the Publicity Pamphlet to specifically define and document the commitments made to voters regarding the formation and support of the CTOC.
2. Review the Glendale City Ordinance used to specifically create the CTOC to determine the specific expectations and legal requirements of the CTOC.
3. Develop a detailed list of the legal requirements for the CTOC based on the ballot item and the Ordinance.
4. Obtain and review the charter, bylaws, policies statements, meeting agendas and minutes for the CTOC to determine the extent to which legal requirements are being met.
5. Obtain and review plans, goals, objectives, and performance indicators or metrics used by the CTOC to ensure it is effectively providing oversight and serving the public's interest.
6. Conduct interviews with members of the CTOC to determine member views of the CTOC's effectiveness in meeting its legal requirements and serving the public interest.

Task Four: Summarize City Financial Audits

- A. ***Summarize the GO transportation elements of the City's comprehensive annual financial reports (CAFRs) for fiscal years 2008-09 through 2010-11.*** Heinfeld, Meech & Co. has performed the City's annual financial audit each of the years of this performance audit. We will have much of the information needed to compile the condensed financial information for the GO Program. For any additional information needed to prepare this summary, we may request financial records from the City's Finance Department.
- B. ***Summarize the basic findings including annual revenues, expenditures, and fund balance.*** Based on our extensive experience with governmental accounting and financial reports, we will analyze the financial activity of the GO Program and summarize the results. The summary will discuss any trends or items of concern noted in our analysis.
- C. ***Did staff address all comments from the external auditor that are related to the GO Transportation Program?*** Any findings reported during the City's financial audits will be reviewed to determine how they relate to the GO Program. If any audit findings affect the GO Program, we will review and discuss with the applicable City staff to determine how the issue was resolved. Depending upon the type of corrective actions taken, we may perform certain audit testwork to verify the findings were adequately addressed.

Task Five: Is the GO Program Being Addressed Fairly and Accurately in the City's Financial Practices?

- A. ***Are GO funds being deposited in a separate general ledger account?*** We will review the City's financial and accounting records and internal processes. Testwork may include reviews of selected transactions and analytical analyses to verify GO funds are properly recorded in a separate fund in the City's general ledger.
- B. ***Is reasonable interest being accrued on unused funds?*** We will review the calculations and processes for allocation and accrual of interest revenues as they relate to the GO Program. Testwork may include analytical analyses to determine if interest revenues appear reasonable.
- C. ***Is the allocation of general funds in accord with voter commitments?*** We will review the commitments made to voters for allocation of general funds and review the calculations and processes.
- D. ***Are indirect charges fair and accurate?*** We will review the design and structure of the indirect cost allocations and provide our assessment of the fairness and accuracy of the Go Program indirect charges.
- E. ***How is the fund balance being invested? Should there be a separate policy for this fund?*** We will review the City's general policies and practices related to the investment of surplus funds, in addition to reviewing any specific practices in place for the GO Program. Based on our extensive experience with governmental accounting and financial practices, we will provide our recommendations for prudent investment of public monies.

- F. ***Are maintenance charges being fairly addressed?*** We will review the calculations and processes related to the allocation of maintenance charges to the GO Program projects and provide our assessment of the fairness of the allocations. Testwork may include reviews of selected transactions.
- G. ***Are Capital Improvement Plan (CIP) set-asides (art, maintenance, engineering and finance) fair and accurate?*** We will review the calculations and processes for determining CIP set-aside amounts and provide our assessment of the fairness and accuracy. Testwork may include reviews of selected transactions.
- H. ***Is the Program following all accepted city standards for purchasing?*** We will review the procurement practices of the Transportation Department as they relate to the GO Program. In addition, we will select a sample of purchasing transactions for testwork to verify City policies were followed.
- I. ***Is the GO Program consistent with the CIP?*** We will review the CIP for projects related to the GO Program and verify projects have been properly accounted for within the GO Program.

Task Six: Is the 25-Year Program Financially Balanced and Based on Reasonable Estimates?

- A. ***Are the financial projections reasonable, including sales tax, general funds, fare box, regional, state, and federal sources?*** We will analyze the financial projections and the underlying assumptions used. Based on our extensive experience with governmental accounting and financial practices, we will provide our assessment of the reasonableness of the projections in relation to the historical experiences of the City, commonly accepted forecasting practices, and other potential factors affecting future projections.
- B. ***Are cost estimates reasonable?*** We will analyze the cost estimates and the underlying assumptions used. Based on our extensive experience with governmental accounting and financial practices, we will provide our assessment of the reasonableness of the estimates in relation to the historical experiences of the City, commonly accepted forecasting practices, and other potential factors affecting future estimates.
- C. ***Are financial factors such as interest rates, bonding levels, and inflation rates reasonable?*** We will analyze the financial factors used. Based on our extensive experience with governmental accounting and financial practices, we will provide our assessment of the reasonableness of the factors in relation to the historical experiences of the City, commonly accepted forecasting practices, and other potential factors affecting future experience.
- D. ***Is the schedule of planned activity achievable?*** We will analyze the activity levels planned and the estimation methodologies used. We will provide our assessment of the feasibility of the planned levels in relation to the historical experiences of the City and other potential factors impacting future experience.
- E. ***What is the process used to adjust the schedule? Is this in keeping with the intent of voters?*** We will review the policies and practices for adjusting the schedule. We will analyze the adjustment policies and practices in relation to the intent expressed to voters. As applicable, this analysis will be coordinated with the testwork performed for Task Two.
- F. ***Is the 25-year Program consistent with regional programs, including Maricopa Association of Governments (Transportation Improvement Program, Regional Transportation Plan, and Arterial Life Cycle Program), Regional Public Transportation Authority/Valley Metro Rail, Inc. (Transit Life Cycle Programs), Maricopa County Department of Transportation (Capital Improvement Plan and Northern Parkway Life Cycle Program), and Arizona Department of Transportation (Capital Improvement Plan)? Are Glendale matching funds being taken into account?*** We will review the various regional programs for projects related to the City's GO Program and verify that the projects have been properly accounted for within the Program. Each project will be reviewed to identify any matching requirements for the City and compared to the GO Program to verify inclusion in the forecasts.

Heinfeld, Meech & Co. Responsibilities

- Develop and perform audit testwork based on the objectives identified for each task



City's Responsibilities

- Ensure availability of City staff and CTOC members during scheduled audit fieldwork dates to provide assistance, locate supporting documentation and respond to inquiries for testwork determined necessary by the audit staff

Audit Conclusion Phase (Includes Task Seven as Outlined in the RFP)

Task Seven: Final Report

The Engagement Partner and Engagement Manager will present a draft of the detailed report with findings and recommendations and a draft of the executive summary to the Audit Oversight Committee for review. Upon completion of the review, the Engagement Partner and Engagement Manager will present the executive summary to the CTOC and, if requested, the City Council. Thirty copies of the final detailed report, executive summary, and backup documentation will be provided in hard copy format and on compact discs.

As required by quality control standards, Heinfeld, Meech & Co. has developed and implemented quality control review procedures for the audit reports issued by the firm. The Engagement Partner is responsible for ensuring the audit issued complies with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants and the standards for financial audits as set forth in the U.S. General Accounting Office's *Government Auditing Standards* (2011), generally accepted government auditing standards (GAGAS), generally accepted auditing standards (GAAS), and generally accepted accounting principles (GAAP). ***We have no record of substandard work since the founding of our firm in 1986.*** The Engagement Partner performs a quality control review of the audit documentation requirements and adherence to audit standards throughout the audit. The quality control review process of the firm includes the following procedures:

- Evaluation of initial audit planning and risk assessment procedures by the Engagement Partner
- Detail working papers reviewed by the Engagement Partner and Engagement Manager
- Determination that audit procedures addressed relevant audit areas
- Report referencing to working papers
- Clearance of all open items prior to report issuance

Heinfeld, Meech & Co. Responsibilities

- Perform exit conferences with City staff upon completion of audit
- Perform final review of working papers and audit programs
- Audit staff to draft audit report
- Engagement Partner to review audit report
- Distribute final audit reports to applicable recipients

City's Responsibilities

- Exit conference with audit staff to discuss the audit report and concluding timeline
- Respond to final inquiries and requests of information by audit staff necessary to conclude the audit
- Provide responses to audit findings as applicable
- Coordinate and arrange report presentation by auditors to the CTOC and City Council, if desired

IV. Preliminary Schedule

There are no foreseeable issues we are aware of that would prevent meeting the 5-month deadline. The availability of City staff and the timeliness of providing requested information will be critical to meeting the following proposed timeline:

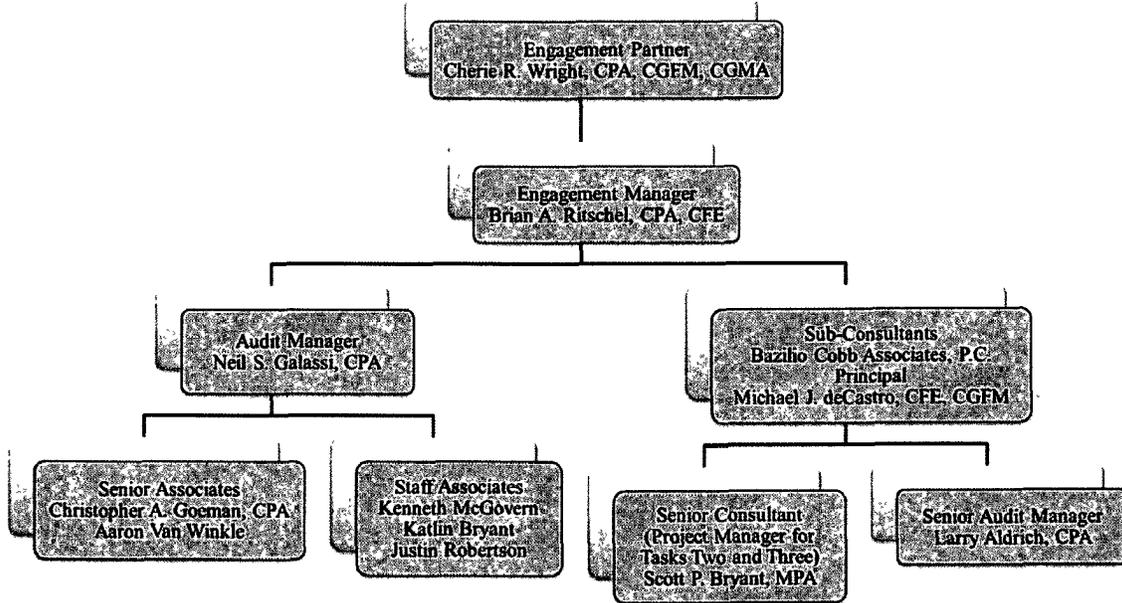
	Week																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Task 1																				
Task 2																				
Task 3																				
Task 4																				
Task 5																				
Task 6																				
Task 7																				

Task One – Audit Scope of Work will be reviewed and updated throughout the duration of the project. For Task Seven – Final Report, portions of the report will be written in conjunction with each project task.

Upon award of the contract, exact fieldwork dates will be determined in discussions between assigned firm staff and the City's Project Manager. *Our staff will be flexible to your needs and requirements, and we may accommodate changes in the above schedule as requested by the City.*

V. Staffing Plan

PROJECT SERVICE TEAM - ORGANIZATIONAL CHART



The Project Service Team is currently planned as identified in the organization chart above. The project will be managed and supervised from the firm’s Phoenix office. The Engagement Partner, along with the assistance of the Engagement Manager and sub-consultants, will conduct the audit planning and preparation. Tasks Two and Three will be subcontracted to Bazilio Cobb Associates, P.C., and supervised by Scott P. Bryant. Under the supervision of the Engagement Partner and Engagement Manager, audit testwork assignments will be performed by the assigned associates and the supporting audit manager. The Engagement Partner will provide the technical review of the audit report and all working papers.

This partnership with Bazilio Cobb Associates, P.C. will bring a unique combination of expertise that will address all the areas of this engagement – auditing, transportation planning, programming, accounting, and economic analysis. The key project members are as follows:

Cherie R. Wright, CPA, CGFM, CGMA – With 25 years of governmental finance, accounting, auditing and consulting experience, Cherie has been the engagement partner, project manager, audit manager, senior or in-charge auditor for over 300 governmental audits and consulting projects. Recent and current projects for include City of Phoenix, City of Mesa, City of Tucson, City of Tempe, Valley Metro Regional Public Transportation Authority, Yuma Metropolitan Planning Organization, Arizona Criminal Justice Commission, and Arizona’s G&T Cooperatives.

Brian A. Ritschel, CPA, CFE – With 13 years of governmental finance, accounting, auditing and consulting experience, Brian has had consistently increasing responsibilities in financial management, cash and investment management, internal control management, and detailed accounting for over 30 municipal funds. Recent and current projects for municipal and other governmental clients include City of Mesa, Town of Quartzsite, Valley Metro Regional Public Transportation Authority, Arizona’s G&T Cooperatives, and Yuma Metropolitan Planning Organization.

Sub-Consultants

Bazilio Cobb Associates, P.C. (BCA), is a full-service professional services firm that provides accounting, audit and assurance, information systems technology, financial consulting and advisory services, management consulting and income tax services. The assigned staff members are based in BCA's California office.

Scott P. Bryant, MPA – Substantial experience working with transit and transportation agencies, including the Los Angeles Metro, the Chicago Transit Authority, the Metropolitan Atlanta Regional Transit Authority, the Triborough Bridge and Tunnel Authority (New York City), and the New Jersey Department of Transportation.

Larry Aldrich, CPA – Over 35 years of financial, compliance, contract and performance auditing experience, and 20 years as an audit manager for the U.S. General Accounting Office's Los Angeles Region.

Detailed information for hours and rates of each team member as well as costs of each task by team member are as follows:

Team Member	Hours	Percent	Hourly Rate
Wright	164	13%	\$203
Ritschel	183	14%	\$157
Galassi	141	11%	\$157
Goeman	137	10%	\$122
Van Winkle	137	10%	\$122
Bryant, K.	76	6%	\$95
McGovern	76	6%	\$95
Robertson	76	6%	\$95
DeCastro (sub-consultant)	40	3%	\$250
Bryant, S. (sub-consultant)	120	9%	\$200
Aldrich (sub-consultant)	160	12%	\$175
Total	1,310	100%	

Team Member	Task 1	Task 2	Task 3	Task 4	Task 5	Task 6	Task 7
Wright	\$ 2,233			\$ 3,757	\$ 8,766	\$ 7,765	\$ 10,771
Ritschel	2,512			3,868	7,308	5,588	9,455
Galassi	1,256				7,486	11,425	1,970
Goeman				2,190	4,307	7,737	2,482
Van Winkle				2,190	4,307	7,737	2,482
Bryant, K.				1,122	3,479	2,170	449
McGovern				1,122	3,479	2,170	449
Robertson				1,122	3,479	2,170	449
deCastro (sub-consultant)		\$ 6,250	\$ 3,750				
Bryant, S. (sub-consultant)		15,000	9,000				
Aldrich (sub-consultant)		17,500	10,500				
Total	\$ 6,001	\$38,750	\$23,250	\$15,370	\$42,611	\$46,760	\$28,506

Out-of-pocket expenses have been included in the fixed fee project cost on the Price Sheet in *Section II*.

VI. Resumes of Assigned Staff

Cherie R. Wright, CPA, CGFM, CGMA, Partner

Cherie Wright received her B.S. in Business Administration with a major in Accounting from the University of Arizona in 1989. Cherie's experience includes auditing and consulting services for governmental entities with our firm, as well as acting as the financial management roles for municipalities. With more than 25 years of governmental accounting and auditing experience, Cherie has specialized knowledge and experience in many areas, including the following:

- Managing all accounting and finance divisions for governmental entities, including budgeting/forecasting, bonds, project accounting, financial reporting, payroll, accounts payable, and grants management
- Preparation of Comprehensive Annual Financial Reports (CAFRs), internal control reporting, Single Audits and Requests for Proposals
- Design, analysis and facilitation of rate structuring, including research/data gathering, comparative analyses and establishing billing processes

Cherie has also spoken professionally at workshops sponsored by our firm as well as trainings and conferences sponsored by the Government Finance Officers Association (GFOA), Government Finance Officers Association of Arizona, Native American Grant Schools Association, Southern Arizona Chapter of the Association of Government Accountants, Colorado River Finance Officers Association, American Society of Women Accountants, and New Mexico Municipal League. Cherie's project experience includes the following:

- Cost allocation models, reviews, trainings for the City of Phoenix, the City of Mesa, the Arizona Criminal Justice Commission, Pima Community College, the City of Glendale, and La Paz County
- Management advisory services for Greenlee County, and the Yuma Metropolitan Planning Organization
- Financial statement preparation for Greenlee County, the City of Surprise, Valley Metro Regional Public Transportation Authority, Pima Community College, and Yuma Metropolitan Planning Organization
- Performance audit of GO Transportation Program for the City of Glendale
- Special reviews for the City of Tucson, Valley Metro Regional Public Transportation Authority, Arizona's G&T Cooperatives, Glendale Union High School District, Maricopa Community College and the Town of Buckeye

Brian A. Ritschel, CPA, CFE, Consulting Manager

Brian Ritschel received his B.S. in Accounting from Eastern Illinois University in 1997. Brian has more than 13 years of governmental finance, accounting, and auditing related experience. Brian has also served as the Accounting Division Manager for the City of Chandler and the Finance & Administration Manager for the Department of Water & Power for the City of Corona, California. Brian's knowledge and experience include the following:

- Preparation of Comprehensive Annual Financial Reports (CAFRs), internal control reporting, and Single Audits
- Managing municipality accounting division functions, including general ledger, accounts payable, payroll, special assessments, capital assets, accounts receivable, cash receipts, long-term debt, and grant accounts
- Management of municipality investment portfolios
- Preparation and management of annual budgets for municipalities
- Managed or assisted with governmental audits and activities

Brian's project experience includes the following:

- Cost allocation models, training for the City of Phoenix, La Paz County and the Town of Camp Verde
- Management advisory services for Yuma Metropolitan Planning Organization and Town of Quartzsite

City of Glendale, Arizona

- Performance audit of GO Transportation Program for the City of Glendale ✓
- Financial statement preparation for the Valley Metro Regional Public Transportation Authority, Greenlee County, and Yuma Metropolitan Planning Organization
- Special reviews for the Maricopa Community College, Pima Community College, the Valley Metro Regional Public Transportation Authority, and Arizona's G&T Cooperative

Neil S. Galassi, CPA, Audit Manager

Neil Galassi graduated from the University of Arizona in May of 2000 with degrees in accounting and finance. He joined our audit team shortly thereafter. Neil has supervisory experience on more than 175 financial and compliance audits including the following:

City of Tucson	Arizona State Retirement System	Pima County Regional Wastewater
Town of Gilbert	Tucson Supplemental Retirement	Reclamation Department
City of Maricopa	System	Pima County Stadium District
Town of Prescott Valley	Regional Transportation Authority of	Pima Association of Governments
Arizona Department of	Pima County	Tucson Unified School District
Transportation	La Paz County	

Christopher A. Goeman, CPA, Senior Associate

Christopher (Chris) Goeman received a B.S. in Accountancy from Northern Arizona University. He became an associate with Heinfeld, Meech & Co., P.C. in September 2009. Chris has assisted with more than 65 financial and compliance audits including the following:

City of Peoria	Arizona Department of	Prescott Unified School District
City of Page	Transportation	Balsz Elementary School District
Town of Queen Creek	Navajo Housing Authority	Queen Creek Unified School District
Lake Havasu City	Western Maricopa Education Center	Yavapai Unified Employee Benefit
City of Tempe	District	Trust

Aaron Van Winkle, Senior Associate

Aaron Van Winkle received his Masters in Accounting from the University of Phoenix in 2011 and his B.S. in Business with a Concentration in Accounting from Pensacola Christian College in 2002. Aaron joined the auditing team of Heinfeld, Meech & Co., P.C. in July 2004. Aaron's has supervisory experience on more than 90 financial and compliance audits for local governments and non-profit organizations including the following:

Town of Prescott Valley	City of Tombstone	Pima County Stadium District
Town of Gilbert	City of El Mirage	Pima County Regional Wastewater
City of South Tucson	Town of Oro Valley	Reclamation Department
City of Tucson	La Paz County	Pima Association of Governments

Kenneth McGovern, Staff Associate

Kenneth McGovern was awarded his Master of Accounting degree from the University of Arizona in May 2011 and joined our firm in September 2012. As an associate of our firm, he has assisted with numerous audits of governmental entities, including the following:

City of Chandler	Douglas Unified School District	Vail Unified School District
Flowing Wells Unified School District	Nogales Unified School District	Willcox Unified School District
Marana Unified School District	Tanque Verde Unified School District	



Katlin Bryant, Staff Associate

Katlin Bryant joined our firm in 2012 as an associate working primarily with our audit division. She is a recipient of both a Master of Business Administration and a Bachelor of Science degree in Accountancy from Northern Arizona University. Her auditing experience includes engagements for the following governmental entities:

Lake Havasu City	Mesa Unified School District	Avondale Elementary School District
City of Tempe	Dysart Unified School District	Murphy Elementary School District
Glendale Elementary School District	Roosevelt Elementary School District	Wilson Elementary School District

Justin Robertson, Staff Associate

Justin Robertson received a Master's in Accounting and Financial Management degree from the Keller Graduate School of Management in February 2012 and joined Heinfeld, Meech & Co., P.C. as an audit associate soon thereafter. Justin has also successfully completed all sections of the Certified Public Accounting examination. He has participated in annual audits for numerous governmental entities since joining our firm, including the following:

City of Glendale	City of Peoria	Avondale Elementary School District
Arizona Department of Transportation	Deer Valley Unified School District	Fountain Hills Unified School District
Lake Havasu City	Gilbert Unified School District	Isaac Elementary School District

Michael J. deCastro, CFE, CGFM, Principal, Bazilio Cobb Associates, P.C.

Michael J. deCastro is the Principal-in-Charge of BCA's Torrance, California office. He has over 23 years of experience in financial, compliance, contract and performance auditing for federal, state and local government agencies. He has served as the engagement principal or project director on the following engagements:

Los Angeles County Metropolitan Transportation Authority (Metro)

- Financial and compliance audit of Proposition A and C sales tax revenues
- Compliance and performance audits of ADA transit service funds
- Performance audit of Immediate Needs Transportation Program
- Contract audit of \$300 million architectural and engineering services awarded to consortium of six companies
- Audits of more than 40 Metro contractors/grantees – over \$20 million in questioned costs were identified
- Audit of Metro's internal receipt and use of Measure R funds
- Numerous pre-award, contract cost incurred and close out audits under CPA audit pool contracts (12 years)

Orange County (CA) Transportation Authority

- Financial and compliance audits of 32 agencies receiving transportation development funds from OCTA
- Numerous pre-award, contract cost incurred and close out audits under CPA audit pool contracts (8 years)

Southern California Regional Rail Authority

- Review of project and program controls for Rail Services Division/Engineering and Construction Department
- Numerous pre-award, contract cost incurred and close out audits under CPA audit pool contracts (9 years)

Other Transit Agency and Performance Audits

- Audits Transportation Act Fund Claimants for the Riverside County Transportation Commission
- Sub-consultant on performance audit of the Glendale Onboard Transportation Program
- Cost closeout reviews of seven grants provided to Caltrans totaling over \$70 million in grant funds
- Pre-award and close out audits for the Riverside County Transportation Commission
- Performance audit of three public utility districts for the Washington State Auditor
- Performance audit of the Department of Neighborhood Empowerment for Los Angeles City Controller's Office
- Comprehensive management audit of the operations of the Ventura County Treasurer/Tax Collector
- State mandated triennial performance audit for South Coast Air Quality management District

Scott P. Bryant, MPA, Senior Consultant, Bazilio Cobb Associates, P.C.

Scott P. Bryant provides consulting services in comparative analysis and benchmarking, strategic planning, organizational improvement, quality management and performance measurement. He served as Deputy City Auditor and Director of Strategic Management for Long Beach, California and was Manager of Public Sector Consulting with Ernst & Young's National Transportation Consulting Practice. He also worked as a Senior Auditor for the Colorado State Auditor where he conducted management and organizational studies of State Government departments and programs. His other relevant experience is detailed below.

- Substantial experience working with transit and transportation agencies, including Los Angeles Metro, Chicago Transit Authority, Metropolitan Atlanta Regional Transit Authority, Triborough Bridge and Tunnel Authority (New York City), New Jersey Department of Transportation, and Glendale Onboard Transportation Program
- Comparative analyses of public safety organizations, including the Los Angeles County Sheriff's Department and the Long Beach Police and Fire Departments
- Co-authored Comparative Performance Measurement, published by The Urban Institute Press, and considered by many the "textbook" of comparative analysis for the public sector
- Evaluation of the City of Los Angeles' strategic planning approach and efforts
- Management review of the Los Angeles County Probation Department

Scott is active in efforts to improve public sector management practices, including the International City/County Management Association (ICMA) Comparative Performance Measures Consortium and the American Society for Public Administration (ASPA) Government Accomplishment and Accountability Task Force.

Larry Aldrich, CPA, Senior Audit Manager, Bazilio Cobb Associates, P.C.

Larry Aldrich is a senior audit manager in BCA's California office. He has over 37 years of financial, compliance, contract and performance auditing experience, 20 years as an audit manager for the U.S. General Accounting Office's Los Angeles Region. He has served as project manager on the following engagements:

Los Angeles County Metropolitan Transportation Authority

- Performance audit of Immediate Needs Transportation Program
- Contract audit of \$300 million architectural and engineering services awarded to consortium of six companies
- Financial and compliance audit of Proposition A and C sales tax revenues
- Audits of more than 40 MTA contractors/grantees – over \$20 million in questioned costs were identified
- Numerous pre-award, contract cost incurred and close out audits under CPA audit pool contracts (for 12 years)
- Survey of policies and procedures of an engineering management firm's oversight over subcontractors

Orange County (CA) Transportation Authority

- Financial and compliance audits of 32 agencies receiving transportation development funds from the OCTA
- Operational review of OCTA's Planning Section
- Numerous pre-award, contract cost incurred and close out audits under CPA audit pool contracts (for 6 years)

Southern California Regional Rail Authority

- Review of project and program controls for Rail Services Division/Engineering and Construction Department
- Numerous pre-award, contract cost incurred and close out audits under CPA audit pool contracts (for 9 years)

Other Transit Agency and Performance Audits

- Sub-consultant on performance audit of the Glendale Onboard Transportation Program
- Pre-award and close out audits for the Riverside County Transportation Commission.
- Performance audit of three public utility districts for the Washington State Auditor.
- Organizational Review and operational analysis of the City of Miami Beach Building Department.

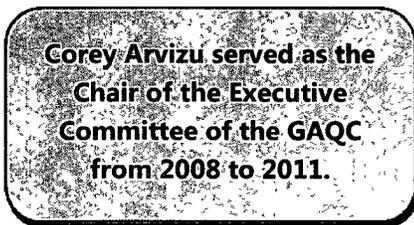
VII. Firm Organization and Qualifications

Heinfeld, Meech & Co., P.C. is a registered Arizona corporation and is a minority-owned small business enterprise. Founded in 1986, we specialize in providing auditing and consulting services to local governmental entities. Our leadership in industry programs, employee development, financial reporting excellence and quality control all demonstrate our focus on governmental accounting and our commitment to keeping our clients and our own professionals informed about significant developments in the industry. The firm's staff totals 62 with offices in Phoenix, Tucson and Flagstaff, Arizona, and Albuquerque, New Mexico. The staff currently includes the following categories:

Partners	12	Senior Associates	14
Audit Managers	9	Staff Associates	14
Consulting Managers	3	Administrative	10

Governmental Services Leader

Heinfeld, Meech & Co., P.C. is the industry leader for governmental audit services in the State of Arizona, currently providing audit and consulting services to over 200 governmental entities. Our firm is a member of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center, which is committed to the highest standards of quality in governmental audits. The Center is a national community of CPA firms that demonstrate a commitment to governmental audit quality and raise awareness about the importance of governmental audits. The Center provides members with best practices, guidelines, and tools CPAs need to perform quality governmental audits and better serve their clients.



Our focus on the governmental sector ensures you that the staff assigned to your audit will be knowledgeable, experienced and qualified. Because of this emphasis on governmental accounting, our assistants will also be properly trained and supervised to avoid unnecessary and irrelevant questions. Our exclusive focus on the governmental and nonprofit industries provides you with the security that we will not vacate the sector for other markets.

External Quality Control Reviews

As required by our profession and the State of Arizona, every three years we participate in an AICPA quality control system review. A report with a rating of pass was issued August 3, 2012, by the firm of Teaman, Ramirez & Smith, Inc. The quality control review included all governmental audits performed by Heinfeld, Meech & Co., P.C., with an in-depth review of the working papers and reports. As our firm received a rating of pass, no deficiencies were noted for the review of the year ended May 31, 2012. In addition, no letter of comments was issued for our previous reviews for the years ended May 31, 2009, 2006, 2003, 2000, 1997, 1994 and 1990.

In addition, our reports and working papers have successfully passed the desk and working paper reviews performed by the U.S. Department of Education, the Auditor General's Office, the Arizona Department of Education, the New Mexico Office of the State Auditor, and the American Institute of Certified Public Accountants (AICPA) peer review teams. We have no record of substandard work since the founding of our firm in 1986, and there has been no disciplinary action taken against the firm with regulatory bodies or professional organizations.



Industry Involvement

To stay informed about the latest developments and issues facing our clients, we are involved in a wide spectrum of industry activities. This includes the following:

- We speak frequently at conferences and courses for local and national organizations, including the American Institute of Certified Public Accountants (AICPA), the Government Finance Officers Association of Arizona (GFOAz), the Association of Government Accountants (AGA), the Association of School Business Officials International (ASBOI), and a number of state accounting societies.
- Managing Partner Corey Arvizu served as the Chairperson of the Executive Committee of the AICPA's Governmental Audit Quality Center from 2008 to 2011.
- Corey Arvizu also is a member of the AICPA's Professional Ethics Executive Committee.
- Partner Jennifer Shields has served on the Committee for the AICPA Task Force on the Single Audit Training Needs and CPE Evaluation.
- Corey Arvizu also has served on the Committee for the AICPA Task Force on the SEFA.
- Jennifer Shields and Gary Heinfeld have served on the committee for the ASCPA's Annual Governmental Accounting Conference.
- Partner CW Payne currently serves on the Board of Directors for the ASCPA.
- Cherie R. Wright, Partner, serves on three review committees for the Government Finance Officers Association (GFOA): Popular Annual Financial Reports (PAFRs), Comprehensive Annual Financial Reports (CAFR), and Budget Awards. Karin Smith, Consulting Manager, also serves on the GFOA's review committee for PAFRs.
- Brittney Williams Spross, Audit Manager, is the current President of the Southern Arizona Chapter of the Association of Government Accountants.

Our active involvement in the governmental accounting industry assures you that we can provide superior service and practical, timely solutions.

Our firm is dedicated to providing critical solutions and best practices to your staff throughout the audit and afterwards.

Additional Professional Services

Our firm focuses exclusively upon the governmental and nonprofit industries, ensuring superior services to you. Our extensive experience and commitment to your industry assures you that we will have the resources to provide you with critical recommendations.

In addition to our audit division, our firm also has a dedicated consulting division that provides year-round support. Types of additional services provided by our consulting division include:

- Development and reviews of policies and procedures
- On-site staff trainings and workshops
- Risk assessments and fraud investigations
- Budget reviews
- Indirect cost allocation plans
- Process efficiency and effectiveness reviews
- Fee studies
- Review of compliance with Fair Labor Standards Act
- Preparation of internal audit manuals
- Popular Annual Financial Reports (PAFRs)
- Cost studies

VII. Recent Experience

The following is a list of governmental entities for which the Project Service Team members for the City of Glendale has provided similar services within the last five years. Additional references will be provided upon request.

Valley Metro RPTA

Contact: Mike Taylor, Acting Budget and Finance Director

101 N. 1st Avenue, Suite 1300, Phoenix, AZ 85003
(602) 262-7433 • mtaylor@valleymetro.org

Scope of Work: #1 – Prop 400 Pre-Audit Assistance, #2 – MAG Billings Review, #3 – CAFR Preparation Assistance, #4 – GASB 54 Implementation Assistance, #5 – Financial Analysis for Bus Service RFP

Team Members Involved: Cherie R. Wright, Brian A. Ritschel

City of Phoenix

Contact: Sara Farrar, Grants Administration
200 W. Washington St., 4th Floor, Phoenix, AZ 85003
(602) 534-7593 • sara.farrar@phoenix.gov

Project Description: Review of Subrecipient Indirect Cost Proposal

Team Members Involved: Cherie R. Wright

Sub-Consultants

Los Angeles County Metropolitan Transportation Authority

Contact: Ruthe Holden, Managing Director
One Gateway Plaza, Los Angeles, CA 90012-2952
(213) 922-1031 • rholden@metro.net

Project Description: #1 – Performance audit of Bus Accident Prevention Practices, #2 - Audit of Receipt and Expenditure of Prop A and Prop C Local Sales Tax, #3 – Internal Receipt of Measure R Funds

Team Members Involved: Michael J. deCastro, Scott P. Bryant

City of Mesa

Contact: Dennis Fulton, Acting Controller
20 E. Main Street, Suite 350, Mesa, AZ 85201
(480) 644-2347 • dennis.fulton@mesaaz.gov

Project Description: Preparation of Indirect Cost Allocation Plan

Team Members Involved: Cherie R. Wright

Arizona's G&T Cooperatives

Contact: Kathleen Ortega, Internal Auditor
P.O. Box 670, Benson, AZ 85602-0670
(520) 586-5415 • kortega@ssw.coop

Project Description: #1 – Review of Energy Cost Billings for Arizona Electric Power Cooperative, Inc., #2 – Review of Transmission Construction Participation Allocations and Billing for Southwest Transmission Cooperative, Inc.

Team Members Involved: Cherie R. Wright, Brian A. Ritschel

Riverside County Transportation Commission

Contact: Theresa Trevino, Chief Financial Officer
4080 Lemon Street, 3rd Floor, Riverside, CA 92501
(951) 787-7926 • ttrevino@rctc.org

Project Description: #1 – Audits of Transportation Act Fund Claimants, #2 – Triennial Performance Audit

Team Members Involved: Michael J. deCastro

Oakland Unified School District

Contact: Timothy White, Assistant Superintendent
1025 2nd Avenue, Oakland, CA 94606-2212
(510) 434-7790 • timothy.white@ousd.k12.ca.us

Project Description: Fiscal and Performance Audit of Bond Measure B Expenditures

Team Members Involved: Michael J. deCastro

Sample reports have been attached.



EXHIBIT B

Performance Audit of the Glendale Onboard Transportation Program

COMPENSATION

METHOD AND AMOUNT OF COMPENSATION

Total amount of compensation not to exceed \$211,723.00, and is payable in installments, as provided in Section 5 of the Agreement.

NOT-TO-EXCEED AMOUNT

The total amount of compensation paid to Contractor for full completion of all work required by the Project during the entire term of the Project must not exceed \$211,723.00.

DETAILED PROJECT COMPENSATION

Positions and hourly rates per the Price Sheet attached with Exhibit A.

EXHIBIT C

Performance Audit of the Glendale Onboard Transportation Program

DISPUTE RESOLUTION

1. Disputes.

- 1.1 Commitment. The parties commit to resolving all disputes promptly, equitably, and in a good-faith, cost-effective manner.
- 1.2 Application. The provisions of this Exhibit will be used by the parties to resolve all controversies, claims, or disputes ("Dispute") arising out of or related to this Agreement-including Disputes regarding any alleged breaches of this Agreement.
- 1.3 Initiation. A party may initiate a Dispute by delivery of written notice of the Dispute, including the specifics of the Dispute, to the Representative of the other party as required in this Agreement.
- 1.4 Informal Resolution. When a Dispute notice is given, the parties will designate a member of their senior management who will be authorized to expeditiously resolve the Dispute.
 - a. The parties will provide each other with reasonable access during normal business hours to any and all non-privileged records, information and data pertaining to any Dispute in order to assist in resolving the Dispute as expeditiously and cost effectively as possible;
 - b. The parties' senior managers will meet within 10 business days to discuss and attempt to resolve the Dispute promptly, equitably, and in a good faith manner, and
 - c. The Senior Managers will agree to subsequent meetings if both parties agree that further meetings are necessary to reach a resolution of the Dispute.

2. Arbitration.

- 2.1 Rules. If the parties are unable to resolve the Dispute by negotiation within 30 days from the Dispute notice, and unless otherwise informal discussions are extended by the mutual agreement, the parties may agree, in writing, that the Dispute will be decided by binding arbitration in accordance with Commercial Rules of the AAA, as amended herein. Although the arbitration will be conducted in accordance with AAA Rules, it will not be administered by the AAA, but will be heard independently.
 - a. The parties will exercise best efforts to select an arbitrator within five (5) business days after agreement for arbitration. If the parties have not agreed upon an arbitrator within this period, the parties will submit the selection of the arbitrator to one of the principals of the mediation firm of Scott & Skelly, LLC, who will then select the arbitrator. The parties will equally share the fees and costs incurred in the selection of the arbitrator.
 - b. The arbitrator selected must be an attorney with at least 15 years' experience with legal matters in Maricopa County, Arizona, be independent, impartial, and not have engaged in any business for or adverse to either Party for at least 10 years.
- 2.2 Discovery. The extent and the time set for discovery will be as determined by the arbitrator. Each Party must, however, within ten (10) days of selection of an arbitrator deliver to the other Party copies of all documents in the delivering party's possession that are relevant to the dispute.
- 2.3 Hearing. The arbitration hearing will be held within 90 days of the appointment of the arbitrator. The arbitration hearing, all proceedings, and all discovery will be conducted in Glendale, Arizona unless otherwise agreed by the parties or required as a result of witness location. Telephonic hearings and other reasonable arrangements may be used to minimize costs.

- 2.4 Award. At the arbitration hearing, each Party will submit its position to the arbitrator, evidence to support that position, and the exact award sought in this matter with specificity. The arbitrator must select the award sought by one of the parties as the final judgment and may not independently alter or modify the awards sought by the parties, fashion any remedy, or make any equitable order. The arbitrator has no authority to consider or award punitive damages.
- 2.5 Final Decision. The Arbitrator's decision should be rendered within 15 days after the arbitration hearing is concluded. This decision will be final and binding on the Parties.
- 2.6 Costs. The prevailing party may enter the arbitration in any court having jurisdiction in order to convert it to a judgment. The non-prevailing party shall pay all of the prevailing party's arbitration costs and expenses, including reasonable attorney's fees and costs.

3. Services to Continue Pending Dispute. Unless otherwise agreed to in writing, Contractor must continue to perform and maintain progress of required services during any Dispute resolution or arbitration proceedings, and City will continue to make payment to Contractor in accordance with this Agreement.

4. Exceptions.

- 4.1 Third Party Claims. City and Contractor are not required to arbitrate any third-party claim, cross-claim, counter claim, or other claim or defense of a third-party who is not obligated by contract to arbitrate disputes with City and Contractor.
- 4.2 Liens. City or Contractor may commence and prosecute a civil action to contest a lien or stop notice, or enforce any lien or stop notice, but only to the extent the lien or stop notice the Party seeks to enforce is enforceable under Arizona Law, including, without limitation, an action under A.R.S. § 33-420, without the necessity of initiating or exhausting the procedures of this Exhibit.
- 4.3 Governmental Actions. This Exhibit does not apply to, and must not be construed to require arbitration of, any claims, actions or other process filed or issued by City of Glendale Building Safety Department or any other agency of City acting in its governmental permitting or other regulatory capacity.