



CITY OF BUELLTON

CITY COUNCIL AGENDA

**Regular Meeting of April 13, 2017 – 6:00 p.m.
City Council Chambers, 140 West Highway 246
Buellton, California**

Materials related to an item on this agenda, as well as materials submitted to the City Council after distribution of the agenda packet, are available for public inspection in the Office of the City Clerk, located at 107 West Highway 246, during normal business hours.

CALL TO ORDER

Mayor Holly Sierra

PLEDGE OF ALLEGIANCE

ROLL CALL

Council Members Dan Baumann, John Connolly, Foster Reif, Vice Mayor Ed Andrisek, and Mayor Holly Sierra

REORDERING OF AGENDA

PUBLIC COMMENTS

Speaker Slip to be completed and turned in to the City Clerk prior to commencement of meeting. Any person may address the Council on any subject pertaining to City business, including all items on the agenda not listed as a Public Hearing, including the Consent Agenda and Closed Session. Limited to three (3) minutes per speaker. By law, no action may be taken at this meeting on matters raised during Public Comments not included on this agenda.

CONSENT CALENDAR

(ACTION)

The following items are considered routine and non-controversial and are scheduled for consideration as a group. Any Council Member, the City Attorney, or the City Manager may request that an item be withdrawn from the Consent Agenda to allow for full discussion. Members of the Public may speak on Consent Agenda items during the Public Comment period.

- 1. Minutes of March 23, 2017 City Council Meeting**
- 2. List of Claims to be Approved and Ratified for Payment to Date for Fiscal Year 2016-17**
- 3. Resolution No. 17-04 – “A Resolution of the City Council of the City of Buellton, California, Approving a 1.5% Cost of Living Adjustment (COLA) for all Regular Full-Time Employees, Effective, July 1, 2017”**
❖ (Staff Contact: Finance Director Carolyn Galloway-Cooper)

- 4. Extension of Existing Contract with Metro Ventures Ltd. for Irma L. Tucker to Provide Professional Planning Services**
❖ *(Staff Contact: City Manager Marc Bierdzinski)*
- 5. Acceptance of City of Buellton Transportation Development Act (TDA) Fund Financial Statements for Years Ended June 30, 2016 and 2015 with Independent Auditor’s Report**
❖ *(Staff Contact: Finance Director Carolyn Galloway-Cooper)*
- 6. Approval of Extension of City Manager Employment Agreement**
❖ *(Staff Contact: City Attorney Steve McEwen)*

PRESENTATIONS

- 7. Proclamation Recognizing National Donate Life Month**

PUBLIC HEARINGS

COUNCIL MEMBER COMMENTS

COUNCIL ITEMS

WRITTEN COMMUNICATIONS

Written communications are included in the agenda packets. Any Council Member, the City Manager, or City Attorney may request that a written communication be read into the record.

COMMITTEE REPORTS

This Agenda listing is the opportunity for Council Members to give verbal Committee Reports on any meetings recently held for which the Council Members are the City representatives thereto.

BUSINESS ITEMS

(POSSIBLE ACTION)

- 8. Update from Cathy DeGrazia (Caltrans) Regarding Highway 246 Construction Project**
- 9. Selection of Auditor and Approval of Contract for Agreed-Upon Procedures**
❖ *(Staff Contact: Finance Director Carolyn Galloway-Cooper)*
- 10. Interview and Possible Appointment to Fill City Council Seat**
❖ *(Staff Contact: City Clerk Linda Reid)*

CITY MANAGER’S REPORT

ADJOURNMENT

The next meeting of the City Council will be held on Thursday, April 27, 2017 at 6:00 p.m.

CITY OF BUELLTON

CITY COUNCIL MEETING MINUTES
Regular Meeting of March 23, 2017
City Council Chambers, 140 West Highway 246
Buellton, California

CALL TO ORDER

Mayor Holly Sierra called the meeting to order at 6:00 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL

Present: Council Members Dan Baumann, John Connolly and Foster Reif, Vice Mayor Ed Andrisek, and Mayor Holly Sierra

Staff: City Manager Marc Bierdzinski, Finance Director Carolyn Galloway-Cooper, Public Works Director Rose Hess, City Attorney Steve McEwen, Deputy DeLeon, and City Clerk Linda Reid

PUBLIC COMMENTS

Debbie Oquest, Buellton, questioned how the Avenue of Flags Specific Plan is progressing and asked about other projects in the City of Buellton.

Arcelia Sencion, representing Santa Ynez Valley People Helping People, announced a film that will be aired regarding Child Abuse Prevention in April in four different locations within Santa Barbara County and she presented a flyer for the record.

Larry Rankin, Buellton, discussed the petition he's circulating regarding recreational vehicle parking in Buellton.

Judith Dale, Buellton, recognized Council Member Connolly for being Coach of the Year and winning the CIF water polo title.

CONSENT CALENDAR

Mayor Sierra requested that Items 1 and 2 be pulled for discussion. She asked that the meeting minutes of March 9, 2017 be amended to include the discussion of trail system funding. Mayor Sierra requested further information on the checks for Nina Powers and MNS Engineering.

1. **Minutes of March 9, 2017 Regular City Council Meeting**
2. **List of Claims to be Approved/Ratified for Payment to Date for Fiscal Year 2016-17**
3. **Revenue and Expenditure Reports through February 28, 2017**
4. **Resolution No. 17-03 – “A Resolution of the City Council of the City of Buellton, California, Authorizing the Filing of a Claim with the Santa Barbara County Association of Governments for Allocation of Transportation Development Act Funds for Fiscal Year 2017-18”**

MOTION:

Motion by Council Member Baumann, seconded by Vice Mayor Andrisek approving Consent Calendar Items 1 through 4 as listed, with amendments as noted above.

VOTE:

Motion passed by a roll call vote of 5-0.

Council Member Baumann – Yes

Council Member Connolly – Yes

Council Member Reif – Yes

Vice Mayor Andrisek - Yes

Mayor Sierra – Yes

PRESENTATIONS

None

PUBLIC HEARINGS

None

COUNCIL MEMBER COMMENTS/ITEMS

Council Member Reif requested that staff provide him with a copy of the MNS contract.

Council Member Baumann congratulated the Visitors Bureau for organizing the Wine and Chili Festival and said it was a great event attended by over 900 people.

Mayor Sierra stated that Bob Jennings, President of the Santa Ynez Valley Humane Society is looking for volunteers and donations and recognized Mr. Jennings and the Humane Society staff for all their work.

Mayor Sierra questioned whether it's too early to compare the new water and sewer rates to the old rates. Finance Director Galloway-Cooper said there will be a good analysis during the upcoming budget discussions.

WRITTEN COMMUNICATIONS

None

COMMITTEE REPORTS

Vice Mayor Andrisek announced that he attended the Central Coast Water Authority (CCWA) Board Meeting and provided an oral report regarding the meeting.

Mayor Sierra announced that she attended board meetings for Santa Barbara County Association of Governments (SBCAG) and Air Pollution Control District (APCD) and provided oral reports regarding the meetings. Mayor Sierra also announced she attended the Library Advisory Committee and provided an oral report for the record.

BUSINESS ITEMS

5. Presentation Regarding the City's Emergency Response Procedures

STAFF REPORT:

City Manager Bierdzinski presented the staff report.

SPEAKERS/DISCUSSION:

Judith Dale, Buellton, requested that the City conduct a community workshop to discuss emergency procedures and planning.

The City Council discussed emergency planning and procedures.

DOCUMENTS:

Staff report with attachments as listed in the staff report.

6. Discussion Regarding the City's Code Compliance Procedures

STAFF REPORT:

City Manager Bierdzinski presented the staff report.

SPEAKERS/DISCUSSION:

Mayor Sierra thanked Code Enforcement Officer Ben Hernandez for his work on code enforcement throughout the City.

7. Determination of Employee Cost of Living Adjustment (COLA) for Fiscal Year 2017-18

RECOMMENDATION:

That the City Council consider approval of a COLA for all full-time regular City employees for Fiscal Year 2017-18 in the amount of two percent.

STAFF REPORT:

Finance Director Galloway-Cooper presented the staff report.

SPEAKERS/DISCUSSION:

The City Council discussed the following issues:

- Using the Consumer Price Index for COLA
- How a COLA helps attract and retain good employees at the City

DOCUMENTS:

Staff report with attachments as listed in the staff report.

MOTION:

Motion by Vice Mayor Andrisek authorizing a 1% COLA for all regular full-time employees. The motion failed for lack of a second.

Motion by Council Member Baumann authorizing a 2% COLA for all regular full-time employees. The motion failed for lack of a second.

Motion by Council Member Reif, seconded by Council Member Connolly, approving employee COLA for all full-time regular employees for Fiscal Year 2017-18 in the amount of 1.5 percent, effective July 1, 2017.

VOTE:

Motion passed by a roll call vote of 5-0.

Council Member Baumann - Yes

Council Member Connolly - Yes

Council Member Reif - Yes

Vice Mayor Andrisek - Yes

Mayor Sierra – Yes

CITY MANAGER'S REPORT

City Manager Bierdzinski provided an informational report to the City Council.

CLOSED SESSION ITEMS

**8. Closed Session - California Government Code Section 54957 regarding:
PUBLIC EMPLOYEE PERFORMANCE EVALUATION (CONTRACT
EXTENSION)**

Title: City Manager

The City Council met in Closed Session regarding the City Manager's performance evaluation. No reportable action was taken.

ADJOURNMENT

Mayor Sierra adjourned the regular meeting at 7:30 p.m. The next regular meeting of the City Council will be held on Thursday, April 13, 2017 at 6:00 p.m.

Holly Sierra
Mayor

ATTEST:

Linda Reid
City Clerk

BACK-UP/SUPPORT DATA IS AVAILABLE FOR COUNCIL REVIEW IN CITY HALL

The following is a list of claims to be ratified and approved for payment by the City Council at the
April 13, 2017 Council Meeting.

Listed below is a brief summary of the attached claims:

EXHIBIT A *	A/P Packet #APPKT00467	73,532.64 (2 pages)
	A/P Packet # APPKT00463	86,845.71 (2 pages)
	A/P Packet # APPKT00459	52,879.72 (2 pages)
	Utility Packet #UBPKT00573	139.93 (1 page)

Total Packets:	\$213,398.00
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EXHIBIT B	\$88,102.17
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Staff Payroll	3/17/2017	39,684.00
CC Payroll	3/23/2017	1,819.12
Staff Payroll	3/31/2017	41,424.54

Total Payroll:	\$82,927.66
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TOTAL AMOUNT OF CLAIMS:	\$384,427.83
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* The A/P Packets above will be approved on Council Agenda date of 04/13/2017
 Checks to be signed on 04/13/17 tie to A/P Packet #APPKT00467
 Checks previously signed by staff to avoid late fees relate to:
 A/P Packets # APPKT00459 and APPKT00463
 Utility Packet #UBPKT00573

Payments via Electronic Fund Transfer (EFT):
From 03/16/2017 through 04/04/2017

Payroll Tax - IRS	3/20/2017	8,244.30
Payroll Tax - EDD	3/20/2017	2,370.06
Payroll Tax - IRS	3/27/2017	96.84
Payroll Tax - EDD	3/27/2017	23.20
Postage - Hasler	3/30/2017	900.00
Bank Fee	3/31/2017	65.00
Bank Fee	3/31/2017	35.10
Bank Fee	3/31/2017	15.00
Payroll Tax - IRS	4/3/2017	8,368.49
Payroll Tax - EDD	4/3/2017	2,402.05
CalPERS - Medical	4/4/2017	22,236.81
CalPERS - Classic	4/4/2017	20,201.93
CalPERS - PEPR	4/4/2017	5,547.85
DCP-AUL	4/4/2017	17,595.54

Total

88,102.17



By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: General Checking-General Checking						
000820	ACWA/JPIA	04/05/2017	Regular	0.00	2,368.88	34360
000718	AUTOSYS, INC.	04/05/2017	Regular	0.00	450.36	34361
000110	CVS PHARMACY INC.	04/05/2017	Regular	0.00	23.02	34362
000353	MICHAEL J. BOGGESS dba	04/05/2017	Regular	0.00	200.00	34363
000326	MNS ENGINEERS, INC.	04/05/2017	Regular	0.00	68,657.50	34364
	Void	04/05/2017	Regular	0.00	0.00	34365
000801	O'REILLY AUTOMOTIVE STORES, INC	04/05/2017	Regular	0.00	439.73	34366
000379	POSTMASTER	04/05/2017	Regular	0.00	570.00	34367
000904	US BANK EQUIPMENT FINANCE	04/05/2017	Regular	0.00	482.34	34368
001063	Wells Fargo Vendor Fin Serv	04/05/2017	Regular	0.00	340.81	34369

Bank Code General Checking Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	29	9	0.00	73,532.64
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	29	10	0.00	73,532.64

Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	4/2017	73,532.64
			<hr/> 73,532.64



By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: General Checking-General Checking						
000063	BUELLTON UNION SCHOOL DISTRICT	03/30/2017	Regular	0.00	150.00	34338
000105	CITY OF BUELLTON	03/30/2017	Regular	0.00	537.89	34339
000101	CITY OF SOLVANG	03/30/2017	Regular	0.00	1,200.00	34340
000655	COAST NETWORKX, INC.	03/30/2017	Regular	0.00	190.00	34341
000121	COC/BBA/VISITORS INFORMATION	03/30/2017	Regular	0.00	33,333.33	34342
000122	COMCAST CABLE	03/30/2017	Regular	0.00	219.58	34343
000172	ECHO COMMUNICATIONS	03/30/2017	Regular	0.00	108.05	34344
000193	FIRST NATIONAL BANK OF OMAHA	03/30/2017	Regular	0.00	9,813.51	34345
	Void	03/30/2017	Regular	0.00	0.00	34346
001040	FRONTIER COMMUNICATIONS	03/30/2017	Regular	0.00	1,695.67	34347
001134	KERRHILL INC	03/30/2017	Regular	0.00	1,400.00	34348
000280	LEE CENTRAL COAST NEWSPAPERS	03/30/2017	Regular	0.00	131.10	34349
000296	LOCAL GOVERNMENT PUBLICATION	03/30/2017	Regular	0.00	129.49	34350
000352	P G & E	03/30/2017	Regular	0.00	18,072.41	34351
000379	POSTMASTER	03/30/2017	Regular	0.00	225.00	34352
000975	Richard Abrams & Associates, LLC	03/30/2017	Regular	0.00	934.57	34353
000454	SCOR CARDIAC CYCLISTS CLUB, INC.	03/30/2017	Regular	0.00	712.83	34354
000521	TODD PIPE & SUPPLY	03/30/2017	Regular	0.00	114.68	34355
000529	TRANSFIRST HEALTH & GOVERNMENT	03/30/2017	Regular	0.00	60.98	34356
000894	VISITSYV	03/30/2017	Regular	0.00	17,426.85	34357
001063	Wells Fargo Vendor Fin Serv	03/30/2017	Regular	0.00	149.77	34358
000899	WILDLING MUSEUM	03/30/2017	Regular	0.00	240.00	34359

Bank Code General Checking Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	28	21	0.00	86,845.71
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	28	22	0.00	86,845.71

Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	3/2017	86,845.71
			<hr/>
			86,845.71



By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: General Checking-General Checking						
000895	APPLIED LANDSCAPE MATERIALS, IN	03/22/2017	Regular	0.00	8,301.90	34301
000661	AQUA-METRIC SALES, CO.	03/22/2017	Regular	0.00	2,500.00	34302
000303	ART MERCADO	03/22/2017	Regular	0.00	152.48	34303
000065	BURKE, WILLIAMS & SORENSEN, LLF	03/22/2017	Regular	0.00	10,237.50	34304
000090	CaIPERS LONG-TERM CARE PROGRA	03/22/2017	Regular	0.00	84.25	34305
000783	CAMBRON ROOFING AND WATERPF	03/22/2017	Regular	0.00	964.00	34306
000088	CCI CENTRAL, INC.	03/22/2017	Regular	0.00	34.45	34307
011146	CELI RIBET	03/22/2017	Regular	0.00	654.50	34308
000107	CITY OF LOMPOC	03/22/2017	Regular	0.00	1,666.66	34309
000112	CLARK PEST CONTROL	03/22/2017	Regular	0.00	123.00	34310
000118	COASTAL COPY, INC.	03/22/2017	Regular	0.00	451.96	34311
000122	COMCAST CABLE	03/22/2017	Regular	0.00	129.36	34312
000138	D.L. ELECTRIC, INC.	03/22/2017	Regular	0.00	126.00	34313
011169	DIANE BYINGTON dba	03/22/2017	Regular	0.00	801.50	34314
000598	ENGEL & GRAY, INC.	03/22/2017	Regular	0.00	5,917.91	34315
000965	FASTRAK SOFTWARES, INC	03/22/2017	Regular	0.00	149.00	34316
000189	FISHER PUMP & WELL SERVICE, INC.	03/22/2017	Regular	0.00	6,511.00	34317
011236	GARY GENE JOHNSON dba	03/22/2017	Regular	0.00	784.50	34318
001089	GINA SIGMAN	03/22/2017	Regular	0.00	72.00	34319
011244	HERMILA SANCHEZ	03/22/2017	Regular	0.00	147.00	34320
000395	JOSE RAFAEL RUIZ dba	03/22/2017	Regular	0.00	1,850.00	34321
011300	KAREN PALMER	03/22/2017	Regular	0.00	31.50	34322
011336	LAURA GARCIA dba	03/22/2017	Regular	0.00	126.00	34323
011343	MARIANNE MADSEN	03/22/2017	Regular	0.00	252.00	34324
000324	MISCO WATER CO.	03/22/2017	Regular	0.00	861.95	34325
000350	OLIVERA'S REPAIR, INC	03/22/2017	Regular	0.00	32.30	34326
000365	PEOPLE HELPING PEOPLE	03/22/2017	Regular	0.00	1,107.50	34327
000381	PROPET DISTRIBUTORS, INC.	03/22/2017	Regular	0.00	1,998.95	34328
000848	RAVATT, ALBRECHT & ASSOC, INC.	03/22/2017	Regular	0.00	562.50	34329
000763	RIO VISTA CHEVROLET, INC.	03/22/2017	Regular	0.00	51.88	34330
000989	SANDEE KESSLER	03/22/2017	Regular	0.00	150.00	34331
000450	SB CO SHERIFF'S DEPARTMENT	03/22/2017	Regular	0.00	2,787.17	34332
000681	STATEWIDE SAFETY & SIGNS, INC.	03/22/2017	Regular	0.00	1,191.91	34333
000979	THADDEUS JECKELL	03/22/2017	Regular	0.00	98.00	34334
000556	VERIZON WIRELESS	03/22/2017	Regular	0.00	552.35	34335
000782	WAGE WORKS	03/22/2017	Regular	0.00	141.00	34336
000768	WEX BANK	03/22/2017	Regular	0.00	1,275.74	34337

Bank Code General Checking Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	40	37	0.00	52,879.72
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	40	37	0.00	52,879.72

Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	3/2017	52,879.72
			<u>52,879.72</u>



Refund Check Register

Refund Check Detail

UBPKT00573 - Refunds 01 UBPKT00572 Regular

Account	Name	Date	Check #	Amount	Code	Receipt	Amount	Type
02-05900-008	BETHKE, TREVOR	4/5/2017	34370	82.79			82.79	Generated From Billing
10-02500-000	CAPITAL PACIFIC DEVELOPMENT GROUP	4/5/2017	34371	57.14			57.14	Generated From Billing
Total Refunds: 2				Total Refunded Amount:	139.93			

Revenue Code Summary

Revenue Code	Amount
996 - UNAPPLIED CREDITS	139.93 ✓
Revenue Total:	139.93

General Ledger Distribution

Posting Date: 04/05/2017

Account Number	Account Name	Posting Amount	IFT
Fund: 020 - WATER FUND			
020-10000	Claim On Pooled Cash	-139.93	Yes
020-22420	Unapplied Credits	139.93	
020 Total:		0.00	
Fund: 999 - POOLED CASH			
999-10001	Pooled Cash - General Checking	-139.93	
999-27000	Due To Other Funds	139.93	Yes
999 Total:		0.00	
Distribution Total:		0.00	

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 3

To: The Honorable Mayor and City Council

From: Carolyn Galloway-Cooper, Finance Director

Meeting Date: April 13, 2017

Subject: Resolution No. 17-04 – “A Resolution of the City Council of the City of Buellton, California, Approving a 1.5% Cost of Living Adjustment (COLA) for all Regular Full-Time Employees, Effective, July 1, 2017”

BACKGROUND

Buellton Municipal Code Section 2.08.060 authorizes the City Manager to prepare and submit a proposed annual salary plan to the City Council for its approval. On March 23, 2017, the City Council authorized a 1.5% Cost of Living Adjustment (COLA) for all regular full-time employees, effective, July 1, 2017 and requested that staff bring back a resolution formally approving the COLA for Fiscal Year 2017-18.

FISCAL IMPACT

The fiscal impact of the COLA will be reflected in the Fiscal Year 2017-18 Budget and the overall increase including benefits would be \$27,550. The General Fund portion is \$19,850 and Enterprise Fund portion is \$7,700.

RECOMMENDATION

That the City Council approve Resolution No. 17-04 – “A Resolution of the City Council of the City of Buellton, California, Approving a 1.5% Cost of Living Adjustment (COLA) for all Regular Full-Time Employees, Effective, July 1, 2017”

ATTACHMENT

Resolution No. 17-04

RESOLUTION NO. 17-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUELLTON, CALIFORNIA, APPROVING A 1.5% COST OF LIVING ADJUSTMENT (COLA) FOR ALL REGULAR FULL-TIME EMPLOYEES, EFFECTIVE JULY 1, 2017

WHEREAS, Section 2.08.060 of the Buellton Municipal Code authorizes the City Manager to prepare and submit a proposed annual salary plan to the City Council for its approval; and

WHEREAS, the City Council has reviewed and approved the 1.5% COLA submitted on March 23, 2017; and

WHEREAS, the City Council values the work performed by its regular full-time employees; and

WHEREAS, based on financial information provided by the Finance Director, the City Council has determined that it is financially prudent to provide for an increase in salaries of regular full-time employees.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BUELLTON DOES RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby finds that the above recitations are true and correct and, accordingly, are incorporated as a material part of this Resolution.

SECTION 2. The City Council hereby directs adjustments to regular full-time employees' salaries to reflect a 1.5% cost of living adjustment, effective July 1, 2017.

SECTION 3. The fiscal impact of the salary adjustment will be reflected in the Fiscal Year 2017-18 City Budget.

SECTION 4. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 13th day of April, 2017.

Holly Sierra
Mayor

ATTEST:

Linda Reid
City Clerk

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 4

To: The Honorable Mayor and City Council

From: Marc Bierdzinski, City Manager

Meeting Date: April 13, 2017

Subject: Extension of Existing Contract with Metro Ventures Ltd. For Irma L. Tucker to Provide Professional Planning Services

BACKGROUND

The contract for Irma L. Tucker, President of Metro Ventures, for professional planning services, expires on May 8, 2017. Ms. Tucker has assisted with the Planning Department workload and continues to be an excellent fit for the City. She has worked on numerous important projects and has been responsible for vital tasks, including the following:

- Team leader for the Avenue of Flags Specific Plan
- Completion of the Housing Element
- Processing and plancheck of the Hampton Inn and Tilton Engineering
- Processing of the Commons project to the Planning Commission
- Assistance on the Live Oak Lanes project
- Answers planning questions at the counter and over the phone
- Member of the Green Team
- Developed and runs the monthly project development meeting between staff, MNS Engineers, Tetra Tech, County Fire, and County Building, and prepares monthly project status updates for the City Council

The Planning Department workload continues to be heavy. Therefore, staff would like to extend the contract with Irma Tucker for one year for Planning Department assistance and completion of the Avenue of Flags Specific Plan project.

The current one-year contract is for 1040 hours (20 hours per week average) at \$80 an hour for a not-to-exceed cost of \$83,200. Staff recommends the same number of hours but an increase to \$81 per hour (the hourly rate has not been increased the past two years and is in line with the CPI). Therefore, the new cost would be \$84,240. Any additional extension of the contract would be brought back to the City Council for authorization.

This is a contract position and does not include any benefits.

FISCAL IMPACT

The City is still realizing a cost savings of not having a full time, benefitted, Planning Director while still having a contract planner on staff. Through 67% of the budget year, planning has only spent 50% of its budget.

Through February, Ms. Tucker has spent 21% of her time on private development projects in which the City is reimbursed. She has spent 47% of her time on the Avenue of Flags Specific Plan and the remaining 32% on general planning duties.

The \$84,240 will be included in contract services for Fiscal Year 2017-2018. Since we are doing a two-year budget, a placeholder in this amount will be included for Fiscal Year 2018-2019 subject to City Council approval of the contract extension in 2018.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to extend the existing contract for professional services with Metro Ventures Ltd. for a period of one year with a rate of \$81 per hour for a maximum of 1040 hours.

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 5

To: The Honorable Mayor and City Council

From: Carolyn Galloway-Cooper, Finance Director

Meeting Date: April 13, 2017

Subject: Acceptance of City of Buellton Transportation Development Act (TDA) Fund Financial Statements for Years Ended June 30, 2016 and 2015 with Independent Auditor's Report

BACKGROUND

An audit of the City's Transportation Development Act Fund has been performed by Moss, Levy & Hartzheim LLP, Certified Public Accountants. The purpose of the audit is to determine compliance with Transportation Development Act (TDA) Sections 99234 and 99400(a) of the California Public Utilities Code, and compliance with the rules and regulations of the Santa Barbara County Association of Governments.

The audit is presented herewith for your review and acceptance. The audit includes an examination of the assets, liabilities and fund balance of the Transportation Development Act Fund as of June 30, 2016 and 2015, and the related statements of revenue, expenditures and changes in fund balance.

The Independent Accountant's Report on Compliance with Requirements Applicable to the Transportation Development Act, dated March 22, 2017 states that the City complied with applicable statutes, rules, regulations of the TDA and the allocation instructions and resolutions of the Santa Barbara County Association of Governments as required by Section 6666 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2016.

FISCAL IMPACT

This annual TDA audit is required along with an unqualified auditor's opinion in order for the City to receive continued funding.

RECOMMENDATION

That the City Council review and accept the City of Buellton TDA Fund Financial Statements for the years ended June 30, 2016 and 2015 along with the Independent Auditor's Report.

ATTACHMENT

Attachment 1 - TDA Fund Financial Statements for Years Ended June 30, 2016 and 2015

**CITY OF BUELLTON
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015
WITH INDEPENDENT AUDITORS' REPORT
SEGREGATED BY SECTIONS 99234
AND 99400(a) OF THE PUBLIC UTILITIES CODE**

CITY OF BUELLTON
Transportation Development Act Fund
Segregated by Sections 99234 and 99400(a)
of the Public Utilities Code
June 30, 2016 and 2015
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Moss, Levy & Hartzheim LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors of the
Santa Barbara County Association of Governments

Report on Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Fund of the City of Buellton (the Fund), as of and for the fiscal years ended June 30, 2016 and June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Development Act Fund of the City of Buellton, as of June 30, 2016 and June 30, 2015, and the changes in financial position for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Transportation Development Act Fund and do not purport to, and do not, present fairly the financial position of the City of Buellton as of June 30, 2016 and June 30, 2015, the changes in its financial position for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Moss, Levy & Hartzheim LLP

Santa Maria, California
March 22, 2017

CITY OF BUELLTON
TRANSPORTATION DEVELOPMENT ACT FUND
SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE
BALANCE SHEETS
June 30, 2016 and June 30, 2015

	2016			2015
	99234	99400(a)	Total	Total
Assets:				
Cash and investments	\$ 10,817	\$ 40,524	\$ 51,341	\$ 35,037
Prepaid expenditures		1,667	1,667	1,667
Total assets	<u>\$ 10,817</u>	<u>\$ 42,191</u>	<u>\$ 53,008</u>	<u>\$ 36,704</u>
Liabilities:				
Accounts payable	\$ -	\$ 11,715.00	\$ 11,715.00	\$ 5,828
Total liabilities		11,715	11,715	5,828
Fund balance:				
Restricted	10,817	30,476	41,293	30,876
Total liabilities and fund balance	<u>\$ 10,817</u>	<u>\$ 42,191</u>	<u>\$ 53,008</u>	<u>\$ 36,704</u>

See accompanying notes to financial statements

CITY OF BUELLTON
TRANSPORTATION DEVELOPMENT ACT FUND
SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For Fiscal Years Ended June 30, 2016 and June 30, 2015

	2016			2015
	99234	99400(a)	Total	Total
Revenues:				
Local Transportation Fund allocations	\$ 3,820	\$ 1,291	\$ 5,111	\$ 3,767
Interest	52		52	148
Total revenues	<u>3,872</u>	<u>1,291</u>	<u>5,163</u>	<u>3,915</u>
Expenditures:				
Construction and contract services		31,716	31,716	24,161
Dial-A-Ride-Solvang		1,200	1,200	1,203
Total expenditures		<u>32,916</u>	<u>32,916</u>	<u>25,364</u>
Excess of revenues over expenditures	<u>3,872</u>	<u>(31,625)</u>	<u>(27,753)</u>	<u>(21,449)</u>
Transfers:				
Transfers out to City of Buellton		(930)	(930)	
Transfers in from City of Buellton		39,100	39,100	50,000
Total transfers		<u>38,170</u>	<u>38,170</u>	<u>50,000</u>
Change in fund balance	3,872	6,545	10,417	28,551
Fund balance, beginning of fiscal year	<u>6,945</u>	<u>23,931</u>	<u>30,876</u>	<u>2,325</u>
Fund balance, end of fiscal year	<u>\$ 10,817</u>	<u>\$ 30,476</u>	<u>\$ 41,293</u>	<u>\$ 30,876</u>

See accompanying notes to financial statements

CITY OF BUELLTON
TRANSPORTATION DEVELOPMENT ACT FUND
SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local Transportation Fund allocations	\$ 3,000	\$ 5,111	\$ 2,111
Interest	20	52	32
	<u>3,020</u>	<u>5,163</u>	<u>2,143</u>
Total revenues			
	<u>3,020</u>	<u>5,163</u>	<u>2,143</u>
Expenditures:			
Construction and contract services	28,000	31,716	(3,716)
Dial-A-Ride-Solvang	1,100	1,200	(100)
	<u>29,100</u>	<u>32,916</u>	<u>(3,816)</u>
Total expenditures			
	<u>29,100</u>	<u>32,916</u>	<u>(3,816)</u>
Excess of revenues over expenditures	<u>(26,080)</u>	<u>(27,753)</u>	<u>(1,673)</u>
Transfers:			
Transfers out to City of Buellton	(50,000)	(930)	49,070
Transfers in from City of Buellton	92,100	39,100	(53,000)
	<u>42,100</u>	<u>38,170</u>	<u>(3,930)</u>
Total transfers			
	<u>42,100</u>	<u>38,170</u>	<u>(3,930)</u>
Change in fund balance	16,020	10,417	(5,603)
Fund balance, beginning of fiscal year	<u>30,876</u>	<u>30,876</u>	
Fund balance, end of fiscal year	<u>\$ 46,896</u>	<u>\$ 41,293</u>	<u>\$ (5,603)</u>

See accompanying notes to financial statements

CITY OF BUELLTON
TRANSPORTATION DEVELOPMENT ACT FUND
SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Local Transportation Fund allocations	\$ 3,718	\$ 3,767	\$ 49
Interest	<u>150</u>	<u>148</u>	<u>(2)</u>
Total revenues	<u>3,868</u>	<u>3,915</u>	<u>47</u>
Expenditures:			
Construction and contract services	100,000	24,161	75,839
Dial-A-Ride-Solvang	<u>1,100</u>	<u>1,203</u>	<u>(103)</u>
Total expenditures	<u>101,100</u>	<u>25,364</u>	<u>75,736</u>
Excess of revenues over expenditures	(97,232)	(21,449)	75,783
Transfers:			
Transfers in from City of Buellton	<u>126,100</u>	<u>50,000</u>	<u>(76,100)</u>
Change in fund balance	28,868	28,551	(317)
Fund balance, beginning of fiscal year	<u>2,325</u>	<u>2,325</u>	
Fund balance, end of fiscal year	<u>\$ 31,193</u>	<u>\$ 30,876</u>	<u>\$ (317)</u>

See accompanying notes to financial statements

CITY OF BUELLTON
TRANSPORTATION DEVELOPMENT ACT FUND
SEGREGATED BY SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and June 30, 2015

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Transportation Development Act Fund of the City of Buellton is a governmental fund type. Governmental funds are accounted for using a current financial resources measurement focus. The application of this measurement focus provides that, in general, only current assets and current liabilities are present on the balance sheet. Operating statements of these funds present revenues and expenditures.

The modified accrual basis of accounting is used for the Transportation Development Act Fund. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Measurable means that the amount of the transaction can be determined. Available means the funds are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures of governmental funds are generally recognized when the related fund liability is incurred.

Reporting Entity

The financial statements present only the Transportation Development Act Fund and do not purport to, and do not present, the City's financial position and changes in financial position. The City of Buellton's basic financial statements are available from the Finance Department at 107 W. Highway 246, Buellton, CA 93427.

NOTE 2 – CASH DEPOSITS

The City follows the practice of pooling cash and investments for all funds (including the Transportation Development Act Fund) under its direct daily control. Interest earned on pooled cash and investments is allocated periodically to the various funds based on average cash balances. Detailed disclosure regarding the City's investments of cash is included in the notes to financial statements of the City.



Moss, Levy & Hartzheim LLP
 Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON TRANSPORTATION
 DEVELOPMENT ACT COMPLIANCE**

The Board of Directors of the
 Santa Barbara County Association of Governments

We have audited the financial statements of the City of Buellton Transportation Development Act Fund's (the City) compliance with the types of compliance requirements described in the *Transportation Development Act Guidebook*, published by the State of California Department of Transportation applicable for the fiscal year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance with applicable statutes, rules and regulations of the Transportation Development Act (TDA), Sections 99234 and 99400(a), of the California Code of Regulations (CCR), and the allocation instructions and resolutions of Santa Barbara County Association of Governments as required by Section 6666 of the CCR. Section 6666 requires that for a non-transit claimant, the independent auditor shall perform at least the following tasks: (a) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualified purposes, including Public Utilities Code section 99402 for streets and roads claimants and section 99233.3 for claimants under that section for pedestrian and bicycle facilities and bicycle safety education programs, (b) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation-planning agency and in compliance with the allocation instructions, and (c) Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code sections 99301 and 99301.5. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Transportation Development Act Guidebook*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Compliance with the Transportation Development Act

In our opinion, the funds allocated to and received by the City of Buellton Transportation Development Act Fund, complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements of the Transportation Development Act and the allocation instructions and resolutions of Santa Barbara County Association of Governments for the fiscal year ended June 30, 2016.

This report is intended solely for the information and use of the City Council, management of the Santa Barbara County Association of Governments and for filing with the appropriate regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim LLP

Santa Maria, California
 March 22, 2017

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 6

To: The Honorable Mayor and City Council

From: Stephen A. McEwen, City Attorney

Meeting Date: April 13, 2017

Subject: Approval of Extension of City Manager Employment Agreement

BACKGROUND

Attachment 1 is the revised Employment Agreement extending the duties of City Manager with Marc Bierdzinski for one-year.

RECOMMENDATION

That the City Council approve the one-year extension of the City Manager Employment Agreement.

ATTACHMENTS

Attachment 1 – City Manager Employment Agreement

CITY MANAGER EMPLOYMENT AGREEMENT

This CITY MANAGER EMPLOYMENT AGREEMENT (“Agreement”) is entered into as of April 13, 2017, between the City of Buellton (“City”) and Marc Bierdzinski (“Bierdzinski”). In consideration of the mutual promises and agreements set forth below, City and Bierdzinski agree as follows:

A. Recitals.

(i) In September, 2005, Bierdzinski was appointed to the position of Planning Director of City; and,

(ii) On May 1, 2013, in addition to the duties of Planning Director, Bierdzinski was appointed to serve as Interim City Manager of City, and,

(iii) On September 26, 2013, in addition to the duties of Planning Director, Bierdzinski was appointed to serve as City Manager of City, and,

(iv) Bierdzinski has received acceptable performance reviews by the City for his duties as City Manager and Planning Director, and,

(iv) City and Bierdzinski agree that it is in the best interests of both to continue to coordinate the services as City Manager and Planning Director of City.

B. Agreement.

1. **EMPLOYMENT.** City agrees to employ Bierdzinski to render services as City Manager and Planning Director of City on the terms and conditions set forth in this Agreement and Bierdzinski accepts such employment on the terms and conditions set forth in this Agreement. If at any time during the term of this Agreement Bierdzinski and the City agree that it is in the best interests of both to have another employee serve as Planning Director of City, Bierdzinski may resign the position of Planning Director. Such resignation shall have no effect on any term or provision of this Agreement and this Agreement shall remain in full force and effect.

2. **TERM.** The term of Bierdzinski’s employment as City Manager of City shall be extended on April 13, 2017, and end on the earliest of:

A. April 13, 2018; or

B. The date of termination of Bierdzinski’s employment in accordance with Paragraph 4 below.

3. POSITION AND DUTIES. Bierdzinski shall serve as City Manager of City and Planning Director of City. Bierdzinski shall have those powers and duties set forth in City's Municipal Code Section 2.08.060 for service as City Manager as well as those powers and duties set forth in the City's Municipal Code and Personnel Rules for Planning Director. The City Council of the City ("City Council") shall have the power to determine such other specific duties and responsibilities which Bierdzinski must perform under this Agreement and the means and manner by which Bierdzinski must perform those duties and responsibilities. Bierdzinski agrees to devote all of his business time, skill, attention, and best efforts to the discharge of the duties and responsibilities assigned to him by the City Council during the term of his employment.

4. AT-WILL EMPLOYMENT STATUS, EXCLUSION FROM PERSONNEL SERVICE SYSTEM, AND TERMINATION.

A. Bierdzinski's employment is at-will. Bierdzinski shall serve at the will of the City Council. Thus, Bierdzinski's employment is at the mutual consent of Bierdzinski and City and either Bierdzinski or City may terminate the employment at-will. City may terminate Bierdzinski at any time, with or without cause, for any reason whatsoever that does not violate a public policy of the State of California. Termination shall be by a majority vote of the City Council. Bierdzinski may terminate his employment at any time, with or without cause, for any reason whatsoever. Bierdzinski is excluded from City's Personnel Service System and holds no property right in his employment.

B. Bierdzinski agrees that no representative of City has made or can make any promises, statements, or representations which state or imply that Bierdzinski is hired or retained under any terms other than at-will employment and is excluded from City's Personnel Service System, as set forth above. Bierdzinski agrees that no agreement can impliedly arise that Bierdzinski is employed under any terms other than at-will employment and exclusion from City's Personnel Service System, as set forth above.

C. Bierdzinski's status as at-will and as exempt from City's Personnel Service System may only be changed, revoked, amended, or superseded by a written document, signed by Bierdzinski and the Mayor following approval by the City Council.

5. COMPENSATION AND BENEFITS. Bierdzinski shall receive the following compensation and benefits:

A. **Salary.** Bierdzinski receives an annual base salary of one hundred fifty-one thousand five hundred and thirty-six dollars and six cents (\$151,536.06), payable at the normal times as all Employees of City, which reflects the cost of living increases given to employees since the

prior contract was approved in 2015. . Bierdzinski shall receive the same amount of cost of living adjustments and longevity pay as may be received by other City Employees as and when authorized by the City Council.

B. Benefits. Bierdzinski shall receive such benefits as are provided to exempt City Employees under the City Personnel Rules.

1. **Vacation.** Bierdzinski shall be entitled to twenty (20) days vacation per year of employment with the City which shall accrue in the same manner as all City Employees. The maximum number of vacation days that may be accumulated by Bierdzinski is forty (40) days. Once Bierdzinski reaches the maximum accumulation, he shall cease vacation accrual until his total number of vacation hours falls below the maximum allowable.

2. **Management Leave.** On the commencement date of this Amended Agreement, Bierdzinski shall be credited with eight (8) days accrued Management Leave for the full year of the Amended Agreement.

3. **Automobile Allowance.** Bierdzinski shall receive Three Hundred Dollars (\$300.00) each month as an automobile allowance. The allowance is in exchange for (1) Employee making available for his own use a personal automobile, and (2) for his use of his personal automobile for City related business and/or functions during, before and after normal work hours. Employee is not precluded from using City vehicles for City business during before, and after the normal workday. A City vehicle will not be provided to Employee for his exclusive use and no City vehicle shall be utilized by Employee for commuting purposes. Employee will be entitled to mileage reimbursement at the IRS standard reimbursement rate for trips outside the Counties of Santa Barbara, Ventura, and San Luis Obispo. Employee shall be responsible for paying for liability, property damage, and comprehensive insurance coverage upon such vehicle with liability limits not less than \$100,000 per occurrence/\$300,000 aggregate, and shall further be responsible for all expenses attendant to the purchase, operation, maintenance, repair, and regular replacement of said vehicle.

6. PERFORMANCE REVIEW. A performance review shall occur at the end of this contract term (one-year). The City Council will use the performance review to determine the extent, if any, that Bierdzinski's base salary and/or benefits should be increased. The evaluation shall be in accordance with specific criteria developed by the City Council after consultation with Bierdzinski. Such criteria may be added to or deleted as the City Council may from time to time determine after consultation with Bierdzinski.

7. RENEWAL OF AGREEMENT. City is under no obligation to renew this Agreement upon completion of the Agreement's term, and City may decide to do so solely at its discretion. The City may extend this Agreement at any time prior to the expiration of this Agreement.

8. NOTICE OF TERMINATION. City need not provide Bierdzinski with any prior notice of its decision to terminate this Agreement. Due to the important nature of the City Manager's duties to City, if Bierdzinski terminates this Agreement, Bierdzinski should provide the City Council with at least thirty (30) days written notice prior to the date he ceases to perform his duties and responsibilities under this Agreement.

9. OPTION OF SEVERANCE PAYMENT OR RETIREMENT IN LIEU OF SEVERANCE.

A. If City terminates this Agreement, for any reason other than Employee's misconduct, as defined below, at Employee's sole option, City shall either pay Employee a severance payment of an amount equal to three (3) months of salary, with applicable payroll taxes withheld, or City agrees to accept, in lieu of such severance payment, the voluntary retirement of Bierdzinski as an employee of the City of Buellton.

B. If City terminates this Agreement at any time due to Employee's misconduct, as defined below, City shall not pay Employee any severance payment and need not take any action to accept Employee's retirement. Misconduct means Employee's dishonesty, fraud, self-dealing, or willful misconduct as that term is defined for purposes of unemployment insurance, committed in the performance of Employee's duties and responsibilities under this Agreement, or Employee's violation, at any time, of any law which can be punished as a felony. The determination of whether Employee was terminated due to misconduct is in City's reasonable discretion.

C. In the event that Employee is convicted of a crime involving an abuse of his office or position, as defined in California Government Code section 53243.4, City Manager shall be required to fully reimburse the City in accordance with California Government Code sections 53243, 53243.1, and/or 53243.2.

D. Upon the termination of this Agreement, Employee is not entitled to any other compensation or payment, except for accrued and unused vacation leave and management leave, and as provided in this Paragraph 9.

10. REIMBURSEMENT. City shall reimburse Bierdzinski according to standard City practices for all actual and necessary expenses he incurs in the performance of his official duties as City Manager, including those incurred when traveling on business pertaining to City.

11. **BOND.** Bierdzinski shall furnish a corporate surety bond in the amount of One Hundred Thousand Dollars (\$100,000.00) from a surety approved by the City Council for the faithful performance of the duties imposed upon Bierdzinski as City Manager. The premium for such bond shall be a proper charge against the City.

12. **NONASSIGNMENT.** Bierdzinski's duties and obligations under this Agreement are personal and are not assignable.

13. **ARBITRATION.** Any and all controversies or claims arising out of or relating to Bierdzinski's employment with City or the termination of Bierdzinski's employment with City shall be settled by binding arbitration in accordance with the Rules of the American Arbitration Association and judgment on the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof.

14. **ENTIRE AGREEMENT.** This Agreement contains the entire agreement and understanding between the parties and contains all of the terms and conditions of the parties' agreement. This Agreement is the complete and final expression of the parties' agreement and supersedes all prior or contemporaneous oral or written negotiations, discussions, representations, or agreements, if any. Bierdzinski acknowledges that he has not relied on any promises, statements, representations, or warranties except as set forth expressly in this document.

15. **AMENDMENT.** This Agreement, and any and all terms and conditions contained herein, may only be changed, revoked, amended, or superseded by a written document signed by both Bierdzinski and the Mayor following approval of the City Council.

16. **GOVERNING LAW.** This Agreement will be governed by and construed in accordance with the laws of the State of California.

17. **NO WAIVER.** No party's failure to enforce any provision or provisions of this Agreement will be construed in any way as a waiver of any such provision or provisions, or prevent that party thereafter from enforcing each and every other provision of this Agreement.

18. **PARTIAL INVALIDITY.** The invalidity or unenforceability of any provision or portion of this Agreement will not affect the validity or enforceability of the other provisions or portions of this Agreement.

19. **INTERPRETATION.** No interpretation or construction of any provision or provisions of this Agreement will be influenced by the identity of the party drafting the Agreement.

20. HEADINGS. Paragraph headings used in this Agreement are for convenience only and shall not be considered part of the terms of the Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

(Signatures on following page)

BIERDZINSKI

CITY OF BUELLTON

Marc Bierdzinski

Holly Sierra, Mayor

Attest:

Linda Reid, City Clerk

Approved as to Form:

Stephen A. McEwen, City Attorney



City of Buellton



PROCLAMATION RECOGNIZING NATIONAL DONATE LIFE MONTH

WHEREAS, organ, tissue, marrow and blood donation are life-giving acts recognized worldwide as expressions of compassion to those in need;

WHEREAS, more than 118,000 individuals nationwide and more than 21,000 in California are currently on the national organ transplant waiting list, and on average, 22 people die each day while waiting due to the shortage of donated organs;

WHEREAS, more than 600,000 units of blood per year are needed to meet the need in California;

WHEREAS, at any given time, 6,000 patients are in need of volunteer marrow donors;

WHEREAS, a single individual's donation of the heart, lungs, liver, kidneys, pancreas and small intestine can save up to eight lives; donation of tissue can save and heal the lives of up to 50 others; and a single blood donation can help three people in need;

WHEREAS, millions of lives each year are saved and healed by donors of organs, tissues, marrow, and blood;

WHEREAS, over twelve million Californians have signed up with the state-authorized Donate Life California Donor Registry to ensure their wishes to be organ, eye, and tissue donors are honored; and

WHEREAS, California residents can sign up with the Donate Life California Donor Registry when applying for or renewing their driver's licenses or ID cards at the California Department of Motor Vehicles.

NOW, THEREFORE, I, Holly Sierra, Mayor of the City of Buellton, hereby recognize and proclaim April 2017 as National Donate Life Month in the City of Buellton and in doing so, encourage all Californians to check "YES!" when applying for or renewing their driver's license or I.D. card, or by signing up at www.donatelifecalifornia.org or www.donevidacalifornia.org.

PRESENTED this 13th day of April 2017



Holly Sierra

Mayor

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 9

To: The Honorable Mayor and City Council

From: Carolyn Galloway-Cooper, Finance Director

Meeting Date: April 13, 2017

Subject: Selection of Auditor and Approval of Contract for Agreed-Upon Procedures

BACKGROUND

On March 9, 2017, a Request for Proposal (RFP – Attachment 1) was issued and posted to the City’s website inviting Certified Public Accounting firms to submit a proposal for professional auditing services to perform Agreed-Upon Procedures for the City of Buellton. A Public Notice was also advertised in the Santa Ynez Valley News. The link to the City’s website was sent to ten (10) Certified Public Accounting firms. The Proposal requested firms to perform Agreed-Upon Procedures on the City’s Private Developer Projects (Private Projects) for the past fourteen (14) years (FY 2004 – FY 2017). The City received two (2) proposals (Attachment 2), which were opened and reviewed by the City Manager and the Finance Director on March 29, 2017. Staff has prepared a spreadsheet listing the names of each responding firm, their location and the bid amount for auditing services (Attachment 3).

The firm of Glenn Burdette has been selected to perform the required services. The firm provided three (3) option methods with specific Agreed-Upon Procedures. Each option varies according to hours, cost and staffing requirements. Staff recommends Option 3 at a cost of \$12,500. Staff anticipates sixty (60) days will be sufficient time to perform the work and issue a report. The RFP states a tentative Report date of May 31, 2017 (a sixty-day timeframe from the contract date is approximately mid-June).

The draft contract is included as Attachment 4.

FISCAL IMPACT

The fee for performing specific Agreed-Upon Procedures on the City’s Private Projects amounts to \$12,500.

RECOMMENDATION

That the City Council approve the contract with the firm of Glenn Burdette for the performance of Agreed-Upon Procedures pursuant to Option 3 of their proposal.

ATTACHMENTS

Attachment 1 - Request for Proposal

Attachment 2 - Proposals and Cost Bids from firms responding to the RFP

Attachment 3 - Bid Information Spreadsheet

Attachment 4 - Contract Agreement with Glen Burdette

**CITY OF BUELLTON
REQUEST FOR PROPOSAL
FOR
AGREED-UPON PROCEDURES AUDITING SERVICES**



Carolyn Galloway-Cooper, C.P.A.
Finance Director
City of Buellton
P.O. Box 1819
Buellton, CA 93427

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**CITY OF BUELLTON
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES**

I. INTRODUCTION

A. General Information

The City of Buellton (“City”) is requesting proposals from qualified firms of certified public accountants to perform agreed-upon procedures on the Private Developer Projects (Private Projects) for the past fourteen (14) years (FY2004 - FY2017). The proposal should include a review of activity related to all deposits, revenue and expenditures for Private Projects. These agreed-upon procedures are to be performed in accordance with Attestation Standards of the American Institute of Certified Public Accountants (AICPA). Standards set forth in Statement on Attestation Engagements, AT Section 201 and AT-C Section 215 (SSAE No. 10; SSAE No. 11; SSAE No 18.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, three (3) copies of a proposal must be received by Carolyn Galloway-Cooper, Finance Director, at City of Buellton, P.O. Box 1819, Buellton, California 93427 by 3:00 p.m. on March 27, 2017. The City reserves the right to reject any or all proposals submitted.

During the evaluation process, the City reserves the right to request additional information or clarification from Proposers, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in writing by the firm in the proposal submitted and confirmed in the contract between the City and the selected firm.

It is anticipated that a recommendation on a firm will be made by the end of March 2017. Following notification of the selected firm and it is expected a contract will be executed between both parties by at the April 13, 2017, City Council meeting.

B. Term of Engagement

It is the intent of the City to contract for the services presented herein for a single engagement to analyze the City’s Private Project accounts and determine the accuracy of the current balance reflected in each account. The City of Buellton and the auditor will establish a timeline to perform agreed upon procedures and issue a report of findings.

II. NATURE OF SERVICE REQUIRED

A. General

The City is soliciting the services of qualified firms of certified public accountants to perform agreed upon procedures of the Private Projects to determine if the balance is correct. The review will begin with fiscal year 2003-04 through March 31, 2017. The procedures are to be performed in accordance with the provisions contained in this Request for Proposals.

B. Scope of Work to be Performed

The City desires a review of revenue, expenditures and deposits related to Private Projects. Initial deposits are based on several sources: (1) planning fee deposits; (2) deposits for special studies; and (3) deposits for plan checks, map checks, and inspection services through Public Works/Engineering. Subsequent deposits are based on expenditure reimbursements that prior deposits do not cover. The City replaced its financial accounting system in September 2015. The replacement system utilizes a Private Project module that tracks all project activity by individual project. The legacy system dates back to July 1, 2003. The period July 1, 2003 through June 30, 2013 utilized revenue and expenditure accounts to record individual project activity. Beginning July 1, 2013, the Finance staff created a Developer Deposit liability account that accumulated the revenue (deposits) and expenditures. The new system continues to utilize the Developer Deposit liability account but also tracks each individual project within the Private Project module, which functions as a subsidiary account separate from the General Ledger. The engagement is to be performed by an independent auditor and be fully compliant with the AICPA guidelines for Agreed-Upon Procedures Engagements. A report will be issued and findings reported regarding the results of applying the Agreed-Upon Procedures upon the Private Developer Project Account balances.

C. Auditing Standards to be Followed

To meet the requirements of this Request for Proposals, the engagement shall be performed in accordance with AICPA guidelines for Agreed-Upon Procedures.

D. Reports to be Issued

Following the completion of the Agreed-Upon Procedures, the auditor shall issue:

- a) A report explaining the procedures performed and the findings related to the Private Project balances to both the City Manager and the Finance Director.
- b) Present to the City Council.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the City.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

A. Location of the City’s Offices

The City of Buellton is located in the Santa Ynez Valley of Santa Barbara County, approximately 40 miles northwest of the City of Santa Barbara. The City’s offices are located at 107 W. Highway 246, Buellton, California 93427. Phone Number: 805-688-5177. The auditor’s principal contact with the City will be Carolyn Galloway-Cooper, Finance Director, or a designated representative, who will coordinate services with the auditor.

B. Background Information

The City of Buellton was incorporated on February 1, 1992 as a general law city of the State of California. The voters approved the incorporation in November of 1991. On July 1, 1992 the City took over all the assets and liabilities of the Buellton Community Services District. The City’s fiscal year begins on July 1 and ends on June 30 each year. The City serves an area of 1.6 square miles with a population of 4,957.

C. Computer Systems

The City’s computerized systems are run utilizing a Windows Terminal Server (WTS) environment. The accounting functions are computerized using Tyler software. The applications operating on this system are General Ledger, Accounts Payable, Bank Reconciliation, Cashiering, Fixed Assets, Project Accounting, Purchasing, Utility Billing and Payroll/Personnel Management.

D. Availability of Prior Audit Reports and Working Papers

Interested Proposers who wish to review prior years’ audit reports and management letters should contact Carolyn Galloway-Cooper, P.O. Box 1819, Buellton, California 93427, (805)-686-7422.

The City will also endeavor to make prior audit reports and supporting working papers available to Proposers upon request.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates, including the date proposals are to be submitted:

<u>Date</u>	<u>Activity</u>
March 9, 2017	Request for Proposal issued

March 27, 2017
April 13, 2017
May 31, 2017

Due date for Proposals (due by 3:00 p.m.)
Contract awarded by City Council
Report completed (Tentative)

B. Date Agreed Upon Procedures May Commence

The City intends to have all records ready and all management personnel available to meet with the firm’s personnel by April 17, 2017.

C. Schedule for the Agreed-Upon Procedures

The auditor and the City will agree to a schedule for:

1. Field Work
2. Draft Reports

D. Final Report

- Three (3) signed copies of the Report of Findings are to be delivered to Carolyn Galloway-Cooper, Finance Director at the City at P.O. Box 1819, Buellton, California 93427.

A. Work Area, Telephones, Photocopying and Fax Machines

The City will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone, photocopying and fax machines. The auditor can be provided inquiry access to the City’s finance system to expedite their auditing procedures.

B. Report Preparation

Report preparation, editing, printing and binding shall be the responsibility of the auditor.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The Finance Department staff and responsible management personnel will be available during the Agreed-Upon Procedures engagement to assist the firm by providing information, documentation and explanations.

B. Work Area, Telephones, Photocopying and Fax Machines

The City will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone, photocopying and fax machines. The auditor can be provided inquiry access to the City’s finance system to expedite their auditing procedures.

C. Report Preparation

Report preparation, editing, printing and binding shall be the responsibility of the auditor.

1. Issue a written report that describes the procedures applied and the findings (three copies).

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

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

Carolyn Galloway-Cooper, Finance Director
City of Buellton
P.O. Box 1819
Buellton, CA 93427
(805) 686-7422
carolync@cityofbuellton.com

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

2. Submission of Proposal

The following material must be received **by 3:00 p.m. on March 27, 2017** for a proposal firm to be considered:

A master copy marked "Proposal" and two (2) copies to include the following:

- a) Title Page showing the Request for Proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
 - b) Signed Transmittal Letter briefly stating the Proposer's understanding of the work to be done; the commitment to perform the work within the time period; the name(s) of the person(s) authorized to represent the Proposer, title, address and telephone number; and a statement that the proposal is a firm and irrevocable offer for sixty (60) days.
 - c) Detailed Proposal following the order set forth in Section VI (b) of this Request for Proposals.
3. The Proposer shall submit an original and two (2) copies of a Sealed Dollar Cost Bid in a separate sealed envelope marked as follows:

**SEALED DOLLAR COST BID PROPOSAL
CITY OF BUELLTON
FOR
AGREED-UPON PROCEDURES
[DATE]**

4. Proposers should send the completed proposal including the two separate envelopes to the following address:

Carolyn Galloway-Cooper, Finance Director
City of Buellton
P.O. Box 1819
Buellton, CA 93427

B. Technical Proposal

1. General Requirements

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

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all points outlined in the Request for Proposals (excluding any cost information which should only be included in the Sealed Dollar Cost Bid). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the Proposer's capabilities to satisfy the requirements of the Request for Proposals.

2. License to Practice in California

An affirmative statement should be included verifying that the firm and all assigned key professional staff are properly licensed to practice in the State of California.

3. Independence

The firm should provide an affirmative statement that it is independent of the City as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's *Government Auditing Standards* (1994).

The firm should also list and describe the firm's professional relationships involving the City for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement.

4. Firm Qualifications and Experience

The Proposer should state the size of the firm and its governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The Proposer is also required to submit a copy of the report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards (1994)).

The Proposer shall also provide information on the results of any Federal or State desk reviews or field reviews of its audits during the past three (3) years. In addition, the Proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with State regulatory bodies or professional organizations, as well as any pending or settled litigation within the past three (3) years.

5. Partner, Supervisory and Staff Qualifications and Experience

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

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

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

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

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five (5) years that are similar to the engagement described in this Request for Proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

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

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this Request for Proposals. In developing the work plan, reference should be made to such sources of information as the City of Buellton's budget and related materials, organizational charts, manuals, programs, and financial and other management information systems.

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

- a) Proposed segmentation of the engagement;
- b) Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- c) Sample size and the extent to which statistical sampling is to be used in this engagement;
- d) Extent of use of electronic data processing (EDP) software in this engagement;
- e) Type and extent of analytical procedures to be used in this engagement;
- f) Approach to be taken to gain and document an understanding of the City's internal control structure;
- g) Approach to be taken in determining laws and regulations that will be subject to audit test work; and
- h) Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of Anticipated Potential Audit Problems

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

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The Sealed Dollar Cost Bid should contain all pricing information relative to performing the City audit engagement as described in this Request for Proposals. The cost bid should be submitted in a format consistent with Attachment A.

The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the Technical Proposal or the Sealed Dollar Cost Bid. Such costs should not be included in the proposal.

The first page of the Sealed Dollar Cost Bid should include the following information:

- a) Name of firm
- b) Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City.
- c) A total all-inclusive maximum price for the Agreed-Upon Procedures.

2. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses for firm personnel (e.g., travel, lodging and meals).

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

3. Rates for Additional Professional Services

If it should become necessary for the City to request the firm to render any additional services to either supplement the services requested in the RFP or to perform additional

work as a result of the specified recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Sealed Dollar Cost Bid.

4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports. Final payment will be made within fifteen (15) days of acceptance of agreed-upon procedure service or report as complete by the City.

VII. EVALUATION OF PROPOSALS

A. Review of Proposals

Proposals submitted will be evaluated by City Staff, consisting of the City Manager and Finance Director.

The City reserves the right to retain all proposals submitted and use any idea(s) in a proposal regardless of whether that proposal is selected.

B. Evaluation Criteria

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

1. Mandatory Elements

- a) The audit firm is independent and licensed to practice in California.
- b) The firm has no conflict of interest with regard to any of the work performed by the firm for the City.
- c) The firm adheres to the instructions in this Request for Proposals on preparing and submitting the proposal.
- d) The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. Technical Quality

- a) Expertise and Experience

- (1) The firm's past experience and performance on comparable government engagements.
- (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

b) Agreed-Upon Procedure Approach

- (1) Adequacy of proposed staffing plan for various segments of the engagement.
- (2) Thoroughness of approach to conducting the engagement of the City and demonstration of the understanding of the objectives and scope of the engagement.
- (3) Commitment to timeliness in the conduct of the engagement.

3. Price

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

C. Oral Presentations

During the evaluation process, the City may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the City may have on a firm's Proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

The Buellton City Council will select a firm based upon the recommendation of City Staff.

It is anticipated that a firm will be selected by April 3, 2017. Following notification of the firm selected, it is expected that a contract will be executed between both parties at the April 13, 2017, City Council meeting.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right without prejudice to reject any or all proposals.

Attachment A

AGREED-UPON PROCEDURE WORK COST PROPOSAL FORM

Service	2004 - 2017
Agreed Upon Procedures	\$
Report and Findings	\$
Total for Engagement (not-to-exceed)	\$

Name of Firm: _____

Address: _____

Contact Name: _____

Contact Phone #: _____ Fax #: _____

Contact Email: _____

Attachment B

AGREED-UPON PROCEDURE SERVICES PLANNING CALENDAR

Due date for Proposals	March 27, 2017 at 3:00 pm
Auditor begins Agreed-Upon Procedures for Private Projects	On or after April 17, 2017
Report on Agreed-Upon Procedures with Auditor's findings	May 31, 2017 (Tentative)

**City of Buellton
Proposal for Agreed-Upon Procedures
For the Years Ending June 30, 2004 - 2017**

Glenn Burdette Attest Corporation
Certified Public Accountants
2222 S. Broadway, Suite A
Santa Maria, California 93454
(805) 922-4010
Contact: Allen E. Eschenbach, CPA
Principal
al.eschenbach@glennburdette.com
March 24, 2017

City of Buellton
Proposal for Agreed-Upon Procedures
For the Years Ending June 30, 2004 - 2017

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March 24, 2017

Carolyn Galloway-Cooper
Finance Director
City of Buellton
PO Box 1819
Buellton, CA 93427

Dear Ms. Galloway-Cooper:

Attached is our proposal to perform agreed-upon procedures over the Private Developer Projects (Private Projects) for the City of Buellton (the City) for the years ending June 30, 2004 - 2017. We propose to perform the work as described in the Request for Proposals (RFP) for Agreed-Up Upon Procedures Auditing Services and we commit to perform the work within the time frame as specified in the RFP.

We believe we are uniquely qualified to serve your organization. There are a number of sound reasons why you should select us as your independent certified public accountants.

- We are able to provide technical and quality services commensurate with that of the largest certified public accounting firms. All of our audit principals and the supervisor who would be involved with your account have experience with national or international firms. However . . .
- Since we are a local firm, we can respond immediately to your financial questions or concerns.
- We are available to present local seminars of governmental accounting or related matters to City staff.
- Our approach to auditing is management oriented. We will concentrate on maintaining a close and constructive relationship with you throughout the year.
- Our Firm has a continuity of personnel from year-to-year, to assure you of the most efficient, and correspondingly, the least costly accounting services.
- We are a service organization. We understand the obligation we have on a continuing basis, to earn your patronage through responsible service and on-going attention to your needs.
- We have tailored our Firm to meet the needs of local business, nonprofit organizations and governmental agencies which make up the economic climate of the Central Coast. We feel our approach has been successful as evidenced by our continued growth.
- The Firm has a full-time audit department which specializes in financial and compliance audits. We attend various seminars and education courses throughout the year related specifically to auditing to assure we are current on any new developments in the field.

3

SAN LUIS OBISPO
1150 Palm Street
San Luis Obispo, CA 93401
p 805 544 1441
f 805 544 4351

PASO ROBLES
102 South Vine Street, Ste. A
Paso Robles, CA 93446
p 805 237 3995
f 805 239 9332

SANTA MARIA
2222 South Broadway, Ste. A
Santa Maria, CA 93454
p 805 922 1100
f 805 922 4286

As a local CPA firm, we sincerely appreciate the opportunity to submit this proposal. By selecting a local CPA firm, the City will receive personalized professional services. There are no out-of-town living expenses in the fee.

Allen E. Eschenbach, CPA is authorized to make representations on behalf of Glenn Burdette. He is a principal of the firm and may be contacted at al.eschenbach@glennburdette.com or Glenn Burdette, 2222 S. Broadway, Santa Maria, California, 93454, 805-922-4010.

This proposal is a firm and irrevocable offer for sixty days. We look forward to the opportunity of serving you. If there are any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Eschenbach', written in a cursive style.

Allen E. Eschenbach, CPA

for

Glenn Burdette Attest Corporation

Certified Public Accountants

Technical Proposal

Independence

We are independent of the City as defined by generally accepted auditing standards as set forth by the U.S. General Accounting Office's *Government Auditing Standards*, issued by the Comptroller General of the United States. We are also independent of all component units of the City as defined by those same standards. As part of our internal quality control procedures, each employee is required to attest to their independence with regard to the current client listing.

The Firm has not had any professional relationships involving the City or any of its component units or oversight units in the past five years.

We agree to give the City written notice of any professional relationships entered into during the period of this agreement.

License to Practice in California

The Firm and all assigned key professional staff are properly licensed to practice as certified public accountants in California. The CPA license numbers for the persons who will be performing the audit services are indicated under "Partner, Supervisory and Staff Qualifications and Experience."

Firm Qualifications and Experience

Glenn Burdette, Certified Public Accountants, is a professional corporation with offices in San Luis Obispo, Paso Robles, and Santa Maria. All of the work on this engagement will be performed primarily from the San Luis Obispo office. We perform audit, accounting, tax services and management consulting services from our San Luis Obispo office. We have been performing financial and compliance nonprofit and governmental audits, including agreed-upon procedure engagements for over 30 years, and single audits for the past 20 years.

This Firm has 32 CPAs and 32 other employees (18 professional and 14 support staff). This includes one audit principal, one audit senior manager, one audit manager and one audit senior who are Certified Public Accountants, plus two seniors and two professional staff who perform audit services. This makes us the area's largest audit practice. We anticipate having one principal, one senior manager, one senior professional associate and two professional associates staff the engagement. Biographies of the associates expected to perform significant services under this contract are contained under "Partner, Supervisory and Staff Qualifications and Experience."

In addition to having the area's largest audit practice, the Firm has the largest tax department on the Central Coast. We are heavily involved in all phases of tax planning, preparation and consulting. We also provide management advisory services related to information systems on non-attest engagements and maintain a client accounting services department. We are available to present educational seminars and employee training programs throughout the year.

To assure the quality of all staff over the term of the contract, all our CPA's and professional staff conducting audits subject to *Government Auditing Standards* are required to take at least 80 hours of continuing professional education (CPE) classes every two years with at least 24 hours in CPE directly related to the government environment and government auditing. We are members of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, the California Society of Municipal Finance Officers, and the Government Finance Officers Association. We subscribe to all current pronouncements of the Financial Accounting Standards Board and the Governmental Accounting Standards Board. As such, we have access to the AICPA technical hotline, CalCPA technical hotline, GFOA technical services staff, and GASB and FASB technical staff when questions arise related to accounting or disclosure during the course of the audit.

Our Firm had its quality control system reviewed in November 2014 as required by the American Institute of Certified Public Accountants. The quality control review included a review of specific governmental engagements including single audits. We received an unqualified opinion. A copy of the opinion and letter of comments is at the end of the proposal.

Every federal and state desk review of our audits has indicated that the reports generally meet the requirements of Uniform Guidance, and/or the reporting standards contained in the State Controller's audit guide, Standards and Procedures for Audits of California K-12 Local Educational Agencies and the California Community Colleges Chancellor's Office Contracted District Audit Manual, as applicable.

The Firm and any of its employees have never had a record of sub-standard work, or unsatisfactory performance pending with the State Board of Accountancy. There has been no disciplinary action taken or pending against the Firm with state regulatory bodies or professional organizations.

Partner, Supervisory and Staff Qualifications and Experience

We anticipate that the principal and supervisory staff identified would remain the same throughout the term of the contract. However, if those personnel leave the Firm, are promoted or are assigned to another office, we would be able to provide replacement staff who have substantially the same qualifications and experience. If those personnel are changed for other reasons, we would obtain the City's prior written approval. We acknowledge that the City retains the right to approve or reject replacements. Likewise, we could provide replacement staff for other audit personnel as required during the term of the contract, with substantially the same qualifications and experience. Staff assigned to the engagement would continue to obtain relevant continuing professional education and all new staff will be subject to our hiring standards. This will help to ensure continued high level of quality over the term of the engagement. The Firm is an equal opportunity employer.

Allen E. Eschenbach (Certified Public Accountant License # 73290) – Audit Principal – (Engagement Partner)

Mr. Eschenbach graduated from California Polytechnic State University, San Luis Obispo in June 1991 with a Bachelor of Science degree in Business Administration, with an accounting concentration. He was employed as a supervising senior at Ernst & Young LLP in San Francisco for three and a half years where he audited various public and nonpublic companies in the capital markets and financial services industries, as well as a number of large retailers and nonprofits. Mr. Eschenbach joined the Firm in January 1995, became a principal in June 2000, and served as the Firm's managing principal from 2003 through 2005. Since becoming a principal he has overseen the Santa Maria office and since 2001 has been responsible for the quality control of the audit department. He has extensive experience providing attestation and consulting services to clients of all industries on the Central Coast, including municipal and educational governmental entities, private agriculture, high technology, and construction enterprises. He has also assisted companies with fraud audits and Sarbanes-Oxley section 404 internal control implementation.

Mr. Eschenbach is a member of the American Institute of Certified Public Accountants and the Government Finance Officers Association. He is also a member of the California Society of Certified Public Accountants, and currently serves on the CalCPA state accounting principles and auditing standards committee. He is a graduate of Leadership San Luis Obispo Class VI and has served on the board of a number of local community organizations.

Mr. Eschenbach has served in a supervisory capacity on the following relevant governmental, nonprofit and A-133 single audits:

- Cities of San Luis Obispo, Pismo Beach, Lompoc and Guadalupe
- California Polytechnic State University Corporation
- California Polytechnic State University Foundation
- University Corporation at Monterey Bay
- Foundation at CSU, Monterey Bay
- Santa Barbara Joint Community College District

The significant relevant continuing professional education that Mr. Eschenbach has obtained during the last three years related to accounting and auditing updates, governmental accounting and auditing updates, preparing governmental financial statements, and performing A-133 Single Audits.

Erin M. Nagle, Certified Public Accountant (License #75111) – Senior Audit Manager (Available for Partner Rotation)

Ms. Nagle graduated from the University of California at Santa Barbara in June 1995. She was employed as an auditor at BDO Seidman LLP in San Francisco for three years where she worked on public and private companies in retail and manufacturing as well as large non-profits. Ms. Nagle joined the firm in 1998 and has worked extensively with attest clients in the governmental and nonprofit industries, as well as those in the winery and construction fields. Ms. Nagle became a Senior Manager in 2014 and is part of the Emerging Leaders Academy for CPA's as well as responsible for the training and education of the audit department. She is a member of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, the Government Finance Officers Association and the California Society of Municipal Finance Officers.

Ms. Nagle has served in a supervisory capacity in the following relevant audits:

Cities of San Luis Obispo, Lompoc and Guadalupe
California Polytechnic State University Foundation
University Corporation at Monterey Bay
Foundation of CSU, Monterey Bay
Santa Barbara and Allan Hancock Community College Districts
Guadalupe Union, San Luis Coastal Unified, and Paso Robles Joint Unified School Districts

The significant relevant continuing professional education that Ms. Nagle has obtained during the last three years related to accounting and auditing updates, governmental accounting and auditing updates, preparing governmental financial statements, and performing A-133 Single Audits.

Sherri Y. Parkinson – (Certified Public Accountant License # 64611) – Audit Manager (Available for Manager Rotation)

Ms. Parkinson graduated from California Polytechnic State University, San Luis Obispo in June of 1989 with a Bachelor of Science degree in Business Administration with a concentration in accounting. She was employed by KPMG in San Jose, CA for four years where her audit clients included both private and public companies. She has since worked in industry at several companies including Global Village Communications, Inc., a public company, where she served as Accounting Manager and at Wireless Access Communications, Inc., where she served as Controller. She joined Glenn Burdette in August 2008. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Since joining the firm, Ms. Parkinson has served in a supervisory capacity on the following relevant governmental and nonprofit audits:

City of Pismo Beach
California Polytechnic State University Corporation
Santa Barbara Community College District
Family Care Network, Inc.
Transitions-Mental Health Association

Women's Shelter Program of San Luis Obispo County
Bay Foundation of Morro Bay
Land Conservancy of San Luis Obispo County
Habitat for Humanity of San Luis Obispo County
Mission Hills Community Services District

The significant relevant continuing professional education that Ms. Parkinson has obtained during the last two years related to governmental and nonprofit accounting and auditing updates, preparing governmental financial statements, A-133 Single Audits, Government Auditing Standards "Yellow Book" and accounting updates. Ms. Parkinson currently serves as Vice President of the Central Coast Chapter of the California Society of CPAs.

Sarah K. Glaudel – Certified Public Accountant (License #124755) – Audit Supervisor

Ms. Glaudel graduated from California Polytechnic State University, San Luis Obispo in March of 2010. She was employed as an intern by Glenn Burdette before joining the firm full time as an audit professional associate in May of 2013. Ms. Glaudel completed her graduate degree from Keller Graduate School of Management in October 2013 as a Master of Financial Management and Accounting with a CPA Emphasis. Ms. Glaudel is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Since joining the firm, Ms. Glaudel has served on the following relevant governmental, nonprofit and A-133 single audits:

Cities of San Luis Obispo, Lompoc and Pismo Beach
California Polytechnic State University Corporation
California Polytechnic State University Foundation
CSU Monterey Bay Corporation
Foundation of CSU, Monterey Bay
Santa Barbara and Allan Hancock Community College Districts
Integrated Waste Management Authority
Family Care Network, Inc.
Women's Shelter Program of San Luis Obispo County

Similar Engagements with Other Government Entities

Following is a list of the most significant engagements performed in the last five years that indicate that are similar to the engagement described in the City’s request for proposal (including agreed-upon procedures for many municipalities):

City of Lompoc	Audit with CAFR, Single Audit, financial and compliance audits of Transportation Development Act funds	June 30, 2012-2016	Allen E. Eschenbach	350	Brad Wilkie, Business Services Director (805) 875-8271
City of San Luis Obispo	Audit with CAFR, Single Audit, financial and compliance audits of Transportation Development Act funds	June 30, 2012-2016	Allen E. Eschenbach	350	Xenia Bradford, Interim Finance Director (805) 781-7125
City of Guadalupe	Audit, Single Audit, financial and compliance audits of former Redevelopment Agency funds ending in 2012	June 30, 2012-2016	Allen E. Eschenbach	300	Annette Munoz, Finance Director (805) 343-1340
City of Pismo Beach	Audit, A-133 Single Audit	June 30, 2012-2016	Allen E. Eschenbach	300	Nadia Freeser, Finance Director (805) 773-7010
Santa Barbara Community College District	Audit, Single Audit, Bond Audit	June 30, 2011-2015	Allen E. Eschenbach	350	Joe Sullivan, Vice President, Business Services (805) 965-0581
Allan Hancock Joint Community College District	Audit, Single Audit, Bond Audit	June 30, 2011-2015	Allen E. Eschenbach	350	Michael Black, Vice President, Finance and Admin (805) 922-6966

Specific Agreed-Upon Procedures Approach

Proposed Segmentation for the Engagement

Agreed-upon procedures are an excellent vehicle to accomplish specific objectives, without spending unnecessary time performing work or procedures not related to the primary objective. However, the procedures to be performed need to be specific and set in advance so both the auditor and the entity the procedures are being applied to have a clear understanding of the objectives and the scope to be applied. Until the scope and procedures are established, an estimate of the work to be performed can be incredibly broad.

The proposal lays out the following criteria for the AUP in the City's RFP:

Page 4: "The proposal should include a 'review' of activity related to all deposits, revenue and expenditures for Private Projects."

Page 4: Term "intent of the City to contract for the services....for a single engagement to 'analyze' the City's Private Project accounts and determine the accuracy of the current balance reflected in each account....."

Page 5: City desires a review of revenue, expenditures, and deposits related to Private Projects. Initial deposits are based on several sources: (1) Planning fee deposits, (2) deposits for special studies; and (3) deposits for plan checks, map checks, and inspection services through Public Works / Engineering. Subsequent deposits are based on expenditure reimbursements that prior deposits do not cover. The City replaced its financial accounting system in September 2015. The replacement program utilizes a Private Project module that tracks all project activity by individual project. The legacy system dates back to July 1, 2003 (through 2013) utilized revenue and expenditure accounts to record individual project activity. The new system continues to utilize the Developer Deposit liability account, but also tracks each individual project within the Private Project module."

Proposed Pricing Estimate – Three Methods

The implication is that the primary issue is the activity in the legacy system was commingled and the primary focus of the AUP is to make sure the classifications of those expenditures was to proper project, with specifying how the auditor is to go about doing that, or the potential complexity in making or evaluating the classification determinations. With that basis of understanding in mind, we propose to work with the City to establish go-forward scope and procedures but are providing three cost estimates based on 1) what could be the simplest and most straightforward approach, 2) the most complicated and time consuming, and 3) a fixed fee under which we would work with the City ahead of time to determine procedures that would/could be performed within the fixed fee estimate.

Testing Approach

Our approach will be as follows:

- 1) Obtain a listing of all Private Party Projects, rolled forward by year from 2003-2017
- 2) Determine how classification evaluations and decisions were made for legacy years from 2003 – 2015
- 3) Agree on a sample size with the City of how many classifications to test per year (5? 15? 25? 50?) depending on nature, complexity, and sensitivity.
- 4) Also test the financial accuracy of ins (deposits, revenue) and outs (expenditures) in each year, based on sample size
- 5) Determine if any eligibility testing is required for the years under review for expenditures

The level of staff and number of hours to be assigned to each proposed segment of the agreed upon procedures is laid out in the sealed dollar cost bid proposal (based on three methodologies).

Scope of Work

We will perform the agreed-upon procedures in accordance with Attestation Standards of the American Institute of Certified Public Accountants (AICPA). Standards set forth in Statement on Attestation Engagements, AT Section 201 and AT-C Section 215 (SSAE No. 10; SSAE No. 11; SSAE No 18.)

We acknowledge our commitment to perform meet the deadlines detailed in the Request for Proposal.

In our report on agreed-upon procedures we will summarize the procedures performed, results, and any recommendations for improvements in process or changes in balances. We acknowledge our responsibility to make immediate, written report of all irregularities and illegal acts or indications of which we become aware to the City Council, City Administrator and the Management Services Director.

Our Firm uses personal computers extensively in our audit practice. We have portable computers, scanners and printers that we take into the field to assist in preparing working papers and financial statements. Our work papers are prepared and maintained electronically so we attempt to get as many of the City's documents in electronic form. We have Microsoft Word and Excel software which allows us to audit the City's spreadsheets by obtaining the files and reviewing formula when that method would be more efficient than manually reviewing the spreadsheets. When possible, we would like to use the City's data files for testing rather than manually preparing information.

We agree to retain all working papers and reports at our expense for a minimum of three years and make them available to the City or its designees.

Sample Sizes and Sampling

Sample sizes will vary depending on our assessment of risk and discussions of the scope of the AUP.

Analytical Procedures

We will perform basic analytical procedures on the balance, but the primary scope will be laid out in our attachment that we agree on with the City that specifies in detail the scope and procedures to be performed.

Internal Control Structure

As discussed previously, we will gain an understanding of the historical accounting systems of the City, in as much as such understanding will aid in the process of understanding how the Private Project figures were derived.

Identification of Anticipated Potential Audit Problems

Based on our review of the RFP and the City's most recent basic financial statements, we do not anticipate any potential audit problems or special assistance that will be requested from the City.

Schedule of Hours By Testing Method

Option 1 *	Principal	Manager	Senior Accountant	Staff Accountant	Administrative Assistant
Obtain List of Private Party projects			3		
Determine classification			8		
Determine sample size and test	2	4	8		
Test financial accuracy				5	
Test for eligibility of expenditures, if required					
Prepare report on agreed-upon procedures	2	2	5		4

Option 2 *	Principal	Manager	Senior Accountant	Staff Accountant	Administrative Assistant
Obtain List of Private Party projects				8	
Determine classification	2		8	20	
Determine sample size and test	2		8	20	
Test financial accuracy					
Test for eligibility of expenditures, if required	2	6		40	
Prepare report on agreed-upon procedures	2	4		4	4

Option 3 *	Principal	Manager	Senior Accountant	Staff Accountant	Administrative Assistant
Obtain List of Private Party projects				6	
Determine classification		2	4	10	
Determine sample size and test	2	4	4	12	
Test financial accuracy				4	
Test for eligibility of expenditures, if required	2	4		10	
Prepare report on agreed-upon procedures	2	4		4	4

*Options defined in proposal under Specific Agreed-Up On Procedures Approach - Proposed Pricing Estimate - Three Methods



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

SYSTEM REVIEW REPORT

To the Principals of Glenn Burdette Attest Corporation
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Glenn Burdette Attest Corporation (the firm) in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

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

In our opinion, the system of quality control for the accounting and auditing practice of Glenn Burdette Attestation Corporation in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Glenn Burdette Attest Corporation has received a peer review rating of *pass*.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 21, 2014

COPY

**City of Buellton
Proposal for Agreed-Upon Procedures
Sealed Dollar Cost Bid
For the Years Ending June 30, 2004 - 2017**

Glenn Burdette Attest Corporation
Certified Public Accountants
1150 Palm Street
San Luis Obispo, California 93401
(805) 544-1441
Contact: Allen E. Eschenbach, CPA
Principal
al.eschenbach@glennburdette.com
March 24, 2017



GLENN BURDETTE
CERTIFIED PUBLIC ACCOUNTANTS

March 24, 2017

Carolyn Galloway-Cooper
Finance Director
City of Buellton
PO Box 1819
Buellton, CA 93427

Dear Ms. Galloway-Cooper:

Attached is our Sealed Dollar Cost Bid for the audit of the Private Project agreed-upon procedures for the City of Buellton (the City) for the years ending June 30, 2004-2017.

Allen E. Eschenbach, CPA is authorized to make representations on behalf of Glenn Burdette. He is empowered to submit the bid and is authorized to sign a contract with the City. He is a principal of the firm and may be contacted at Glenn Burdette, 2222 S. Broadway, Santa Maria, California, 93454, 805-922-4010.

This proposal is a firm and irrevocable offer for sixty days. We look forward to the opportunity of serving you. If there are any questions, please do not hesitate to contact me.

Sincerely,

Allen E. Eschenbach, CPA
for
Glenn Burdette Attest Corporation
Certified Public Accountants

AGREED-UPON PROCEDURES BID PROPOSAL FORM

Service	Option 1 *	Option 2 *	Option 3 *
Agreed-Upon Procedures performed over Private Projects from 2003 - 2017	\$ 7,500	\$ 20,000	\$ 12,500

*Options defined in proposal under Specific Agreed-Upon Procedures Approach - Proposed Pricing Estimate - Three Methods

Name of Firm: Glenn Burdette

Address: 2222 South Broadway, Suite A
Santa Maria, California 93454

Contact Name: Allen Eschenbach

Contact Phone #: 805-922-4010 Fax #: 805-593-1302

Contact Email: al.eschenbach@glennburdette.com

Out-of-Pocket Expenses

The Firm will accept reimbursement for travel, lodging, and subsistence at the prevailing City of Buellton rates for its employees.

Rates for Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City of Buellton and the firm. Any such additional work agreed to between the City of Buellton and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Sealed Dollar Cost Bid.

Manner of Payment

We will bill the City for progress payments made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with our dollar cost bid proposal. Progress billings will cover a period of not less than one calendar month. We understand that ten percent will be withheld from each billing pending delivery of the final reports.



Copy

Response to

City of Buellton

Technical Proposal

Private Developer Projects Fund Analysis

March 27, 2017

kpmg.com

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Los Angeles, CA 90071



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Internet www.us.kpmg.com

March 27, 2017

Carolyn Galloway-Cooper Finance Director
City of Buellton
P.O. Box 1819
Buellton, CA 93427

Re: Request for Proposal: Proposal of KPMG to the City of Buellton, Finance Department, for Services Related to Review of Private Developer Project Funds

Dear Ms. Galloway-Cooper,

KPMG LLP (KPMG) is pleased to present our proposal in response to the City's Request for Proposal (RFP) for accounting services for analysis of the City's Private Developer Projects (Private Projects). We acknowledge that we have received and read the City's RFP posted March 9, 2017. On behalf of KPMG LLP (KPMG), we would like to thank the City of Buellton (the City) for the opportunity to present our proposal to conduct an analysis of revenue, expenditures, and deposits related to Private Projects. We believe our proposal will demonstrate KPMG is the accounting service provider of choice for the City.

- Seasoned Team:** We have proposed a seasoned team who have years of combined experience. The proposed team possesses the right blend of public sector experience and advisory proficiency. Our leadership is dedicated to ensuring high-quality service by providing experienced and consistently trained professionals.
- Well Established Experience:** We have a demonstrable track record of delivering services globally in the public sector, non-profit, and private sector. Our commitment to the public sector is unparalleled with national studies repeatedly rating KPMG as a leader in providing professional services to state, local and non-profit agencies. We understand the unique challenges of advisory accounting services and contracting in the public sector.
- Public Sector Knowledge:** KPMG's experience in the public sector is fundamental to the success of this project. We are a leader in providing services to the public sector, having provided audit, tax, and advisory services to city, county, and state governments in 50 states across the U.S.

We understand the importance of this project and are appreciative of this opportunity to present our proposal to the City. We look forward to meeting with you to discuss our team's qualifications. Should you require any additional information, please do not hesitate to contact me directly at (213) 955-8389 or dfarrow@kpmg.com.

This proposal shall remain valid for a period of not less than 60 days from the date of submittal.

Very truly yours,

KPMG LLP
Douglas Farrow
Forensic Partner

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This proposal is made by KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

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KPMG's Qualifications and Approach

Qualifications

Introduction to KPMG

KPMG LLP (KPMG) provides a wide range of audit, tax, and advisory services from 90 offices in 50 states. KPMG is the U.S. member firm of KPMG International Cooperative (KPMG International). KPMG International operates in 152 countries and has more than 189,000 professionals working in member firms around the world. Member firms aim to provide clients with a globally consistent set of multidisciplinary services based on deep industry knowledge. Our industry focus helps KPMG professionals develop a rich understanding of clients' businesses and the insight, skills, and resources required to address industry-specific issues and opportunities.

One of KPMG's principal strengths is our organizational structure, which combines the extensive research and other capabilities of a large firm with the individual commitment to client service typical of a small firm. Our professionals are organized into service sets that emphasize particular skills and experience, and then align with market-based structure that provides dedicated resources for each line of business. This allows our client service professionals to focus on industry-specific issues. KPMG recognizes that each of its clients operates in a distinctive environment requiring products and services tailored to their needs. We believe that specific industry knowledge is critical to assessing, recommending and delivering successful business services.

Leadership in Governmental Services

KPMG has long held a leadership role in the evolution of government auditing, assessments and government accounting. KPMG is a leader in auditing Federal government entities, as measured by the size of our Federal practice, market share, involvement in professional organizations, and thought leadership in the industry. KPMG has one of the largest federal audit practices among the Big Four CPA firms.

State and Local Government Services

We recognize that state and local government managers face diverse and unique challenges. They are called upon to deliver "private-sector quality services" efficiently and effectively, allocate and enhance resources and comply with increasing federal regulations. KPMG has made government a key focus of our business and our future. By combining our deep sector insight, valuable global leading practices, and extensive local experience, we consistently provide tailored and effective approaches for the public sector. For over 85 years, this practice has assisted clients of all types, including federal and state agencies, municipal and county departments, housing authorities, public hospitals, and virtually all other types of institutions that serve the public interest.

KPMG's State and Local Government practice focuses on business issues that are fundamental to assisting our public sector clients in managing risk, improving business processes, enhancing service delivery to constituents, and controlling costs. We help clients identify and manage risks, including the risks inherent in the various processes and systems used to support business objectives, and provide

them with the information needed to help them meet their strategic and financial goals. KPMG has provided a wide variety of services to public sector clients including but not limited to procedural compliance reviews, business performance reviews, business processes reviews, change management, contract compliance services, internal controls assessments, information technology advisory services, operations improvement, performance audits, regulatory/compliance issues, risk assessments, risk management and strategic management consulting.

KPMG Advisory Forensic Services

KPMG Forensics is a service line of multidisciplinary professionals who assist clients in achieving the highest levels of business integrity through the prevention, detection, and investigation of fraud and misconduct, and by avoiding and resolving disputes. Our professionals not only help clients discover the facts underlying concerns about fraud and misconduct, but they also assist our clients in assessing and mitigating the vulnerabilities to such activities.

We realize that fraud and misconduct investigations require an urgent need for quick response and confidentiality. We are acutely aware of the disruption an indiscreet and prolonged investigation can impose on an organization and its people. We are organized to deploy highly experienced investigations teams that possess the skills and resources required in a discreet and timely manner. We can also assist with incorporating leading industry forensic technology and data analytics services into investigations as they arise.

Our suite of advisory forensic services includes:

Forensic Accounting Services

Our licensed Certified Public Accountants (CPA), Certified in Financial Forensics (CFF), and Certified Fraud Examiners (CFE), can provide insight when looking into suspected fraud, irregularities, or improprieties for the purposes of assisting with recovery, generating reports, or preparing expert witness testimony. We can provide systematic reviews of accounting systems and internal controls, identify potential areas of weakness, and recommend changes to help reduce the risk of accounting errors or manipulation.

Investigative Services

KPMG Forensic provides clients with economic, technical, investigative and accounting skills. We offer investigative and integrity advisory services, namely our forensic audits and investigation services, that assist clients in their efforts to achieve a high level of integrity through the prevention, detection, and investigation of fraud and misconduct. This practice not only helps clients discover the facts and underlying concerns about fraud and misconduct, but also assists clients in assessing their vulnerabilities to such activities, and in developing controls and programs to address these risks.

Data Analytics

KPMG Forensic provides various data analytic services to our clients. One such service is proactive forensic data analysis that helps clients to combat the risks and costs of fraud and misconduct. Proactive data analytics involves taking routinely collected, unrelated data sets and then conducting comparisons, summaries, and aggregations to detect anomalies indicative of potential fraud and misconduct. To expand on our capabilities, KPMG has developed its own proprietary data analytics tool called K-DAT. We tailor our K-DAT tool to address the specific risks and issues inherent to our client's business and organizational data. Our K-DAT tool facilitates and enhances the ability to analyze disparate sets of data that organizations collect in the normal course of business and create usable custom reports. K-DAT has been deployed at over 500 clients globally across numerous industries and business processes. Leveraging such technology, we have helped our clients to strengthen their corporate governance, facilitate the implementation of more effective and focused internal controls, reduce potential future losses, and identify recoverable actual losses.

Fraud Risk Management

KPMG utilizes its global fraud risk management methodology to assist clients in their continuous efforts to prevent, detect, and respond to fraud and misconduct through the design, implementation, and evaluation of applicable programs and controls. Through the utilization of proprietary software, we identify areas of risk within the client's systems. Then we perform ranking of the risks so we can better target our analyses of the client's procedures and policies.

Forensic Technology and Digital Evidence Recovery and Preservation

KPMG Forensic Technology Services operates forensic labs around the world as well as three data centers (United Kingdom, United States, and Canada). These centers provide technology, process capability, and professional support to help clients reduce costs (in capital, time and resources) associated with investigations, compliance, and litigation in the areas of evidence and discovery management and the acquisition, analysis and management of large data sets.

Corporate Intelligence

In addition, our investigative teams are skilled in intelligence analytics and have access to extensive global databases and contacts in the network of KPMG International member firms. We can perform quick and detailed background checks on individuals and entities as well as other due diligence. This input can significantly enhance the quality of an investigation and identify other areas that might require further review.

KPMG Forensic has performed numerous forensic advisory engagements for public and education entities. We are familiar with how these entities operate and the unique challenges associated with performing forensic services across multiple physical locations and departments.

Our understanding of your needs

A. Private Developer Projects – the City’s Request for Proposal

Background and Objective

KPMG understands that the City is seeking services from a highly experienced and well qualified certified public accounting firm with demonstrated experience in providing auditing and advisory services. The intent of the City is to contract for services for a single engagement to analyze Private Developer Projects (Private Projects) for a fourteen (14) year period beginning with fiscal year 2003-04 through March 31, 2017 (FY2004 – FY2017). The City has issued a request for proposal to solicit proposals from potential vendors to provide these services.

The goal of the City is to conduct a comprehensive analysis of activity related to all deposits, revenue, and expenditures for Private Projects and determine the accuracy of the current balances reflected in each account.

In addition, the City replaced its financial accounting system in September 2015.

- The replacement system utilizes a Private Project module that tracks all project activity by individual project.
- The legacy system dates back to July 1, 2003. The period July 1, 2003 through June 30, 2013 utilized revenue and expenditure accounts to record individual project activity.
- Beginning July 1, 2013, the Finance staff created a Developer Deposit liability account that accumulated the revenue (deposits) and expenditures.
- The new system continues to utilize the Developer Deposit liability account and also tracks each individual project within the Private Project module, which functions as a subsidiary account separate from the General Ledger.

We recognize that the City has changed its financial software system over time. The financial software system update will be an important factor to consider when conducting the analysis. KPMG understands the complications and issues that may arise when data is stored in separate financial software system. With our excellent track record of working on government accounting and forensic engagements, along with our knowledge of financial software systems and highly sophisticated data analytic tools, we believe we will provide excellent services that will assist the City in achieving its goals.

Scope and General Approach

KPMG understands that it is expected to provide the following services:

- 1) Prepare a project plan, documents request, and project timeline;
- 2) Conduct a comprehensive analysis of all deposits, revenues, and expenditures related to Private Project funds beginning for FY2004 – FY2017;
- 3) Determine whether accounting practices for Private Projects have been proper and whether the account balances are correctly stated;

- 4) Provide recommendations for enhancements and improvements to the City's policies, procedures, and controls in connection with Private Projects accounting functions, as appropriate; and
- 5) Prepare a written report – the written report will include an executive summary and detailed results of the procedures performed and results of the analysis.

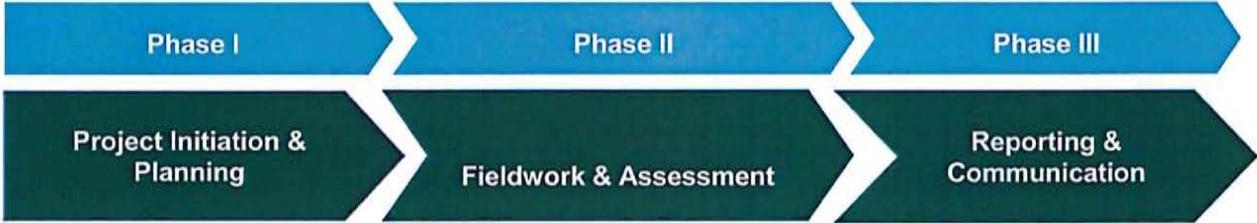
Upon completion of the analysis, the findings report will be issued to the City Manager, the Finance Director, and presented to the City Council. The City of Buellton and the auditor will establish a timeline to perform the services and issue a report of findings

B. Private Developer Projects – KPMG's Proposed Approach

Our analysis of the Private Project account balances will be conducted in three separate phases: 1) Phase I – Project Initiation & Planning; 2) Phase II – Fieldwork & Assessment; and 3) Phase III - Reporting and Communication. These project phases are discussed in further detail in the following section: Proposed Approach.

Proposed approach

KPMG proposes an integrated phased-approach that emphasizes team work, careful planning and quality control processes to deliver on your requirements. To demonstrate how we would assess the City's needs, below are descriptions of the various phases to the project.



Phase I

Our recommended approach will start with a kick-off meeting to gain a detailed understanding of the nature of the Private Projects and account balances and to identify the relevant key processes. Following this initial meeting, KPMG will finalize a project plan for approval by the City.

Phase II

We will work with the City's Information Technology department to understand the environment of the current and legacy information systems, applicable data definitions and the availability of current and legacy data for review and analysis. KPMG will then perform an evaluation to determine how best to extract and restore transactional data from the current and legacy information systems, respectively, and transfer it to a secure off-line relational database that the team will design, develop, and maintain on-site. This would include performing various data validation procedures to ensure the accuracy, integrity and completeness of the data obtained. Our team has significant experience working with large volumes of data. We will address data issues such as poor quality data, and compatibility between legacy and current data. The primary advantages of working with an off-line relational database is to maintain the integrity of the live data and work with the legacy and current data as a continuing whole, which facilitates a more in-depth data analysis.

We will conduct a system-wide analysis of transactions to recognize patterns that are not visible with a targeted analysis and understand trends that may not be discernible through only document reviews and interviews. This forensic data analysis includes using analytical tests, computer-based cross matching, and non-obvious relationship identification to highlight potential irregularities. Our data analytics will attempt to provide the following benefits:

- The ability to analyze thousands of transactions more efficiently and cost-effectively than traditional forensic sampling techniques.
- The ability to consider inconsistencies within the data as well as unique and unusual issues.

Throughout this phase, we will simultaneously conduct document analysis and interviews to gain insights into the transaction history as reflected in the data.

Documents to be reviewed and evaluated may include the following:

- All documentation assembled by the City staff related to the Private Projects including but not limited to supporting documentation for deposits, revenues, and expenditures.
- Policies and procedures associated with the City's Private Projects accounting functions.
- Written documentation of processes and controls.
- Internal/ External Audit or Accountant Reports, where applicable
- Internal policies, procedures, internal controls and training.
- Any other relevant information to facilitate forensic data analysis.

Phase III

At the conclusion of the analysis, we will provide the City with a draft report to obtain the City's feedback of our observations. Our deliverable will include our analysis and observations, in addition to recommendations for process enhancements or improvement opportunities, where applicable. At your discretion, we will be available to provide a briefing to the City to discuss our findings and facilitate a dialogue with respect to our noted opportunities for improvements. Once we receive your comments on our draft, we will work with the City to finalize the report and re-submit it in final form.

Our client service approach is built upon communication with the City throughout the engagement. Throughout the course of the engagement, observations and recommendations will be discussed with the City. KPMG's goal is for there to be "no surprises" during the engagement process. By avoiding surprises, we find that we are typically able to finalize our report without reservations. We facilitate this goal by holding face-to-face meetings during engagement preparation and again at regular intervals during the operational phase of the engagement.

Our approach

Our approach to performing advisory services is a process that is focused on the following activities:

- Detailed planning and scoping, which helps ensure key workflows and timeframes for executing are clearly delineated
- Regular, targeted communication with City staff to help ensure they have appropriate input and are informed on process and outcomes

Communication between stakeholders is a critical success factor. The guiding principle for our approach is transparent and efficient communication between stakeholders from the KPMG project team and City staff.

Representative Engagements

Representative Engagements

CUSTOMER NAME AND LOCATION	SCOPE OF WORK	NAME/TELEPHONE NUMBER OF PRINCIPAL CLIENT CONTACT	DURATION
<p>Customer Name: Confidential Location: Los Angeles County, California</p>	<p>Our client, a regional rail commuter transportation authority, retained us to provide forensic audit services to assist the organization in achieving a high level of financial and accounting integrity by improving the reliability of the accounting books and records. Our work included support in reconciling significant account balances over cash, accounts receivable, and grant funding; instituting procedures for timely monthly and quarterly closing activities of the accounting books and records; and streamlining vendor payment procedures for a more efficient cash disbursements management process. Our work also included analysis for unusual transactions or abnormal accounting practices that may be an indication of potential fraudulent activity or financial misconduct. The results of our work assisted the organization in improving policies and procedures and internal controls relating to cash, investments, grant management, and accounts payable</p>	<p>Customer's Name: Confidential Address: Confidential Phone: Confidential E-mail: Confidential Contact: Confidential</p>	<p>10 months</p>
<p>Customer Name: Confidential Location: Los Angeles County, California</p>	<p>Retained by a local Southern California city municipality to conduct a review of service billings and billing practices by a service vendor under contract with the city. The vendor invoices under review covered a span of over eleven years and represented vendor billings in excess of \$70 million for general municipal maintenance related services. In connection with our review of the invoices data, we created a relational database to house the invoices and check payments transactional data; the database facilitated electronic data analysis and streamlined data retrieval.</p>	<p>Customer's Name: Confidential Address: Confidential Phone: Confidential E-mail: Confidential Contact: Confidential</p>	<p>3 months</p>

CUSTOMER NAME AND LOCATION	SCOPE OF WORK	NAME/TELEPHONE NUMBER OF PRINCIPAL CLIENT CONTACT	DURATION
<p>Customer Name: Confidential Location: Los Angeles County, California</p>	<p>Engaged by a Southern California city municipality to perform a proactive data analysis of accounts payable and payroll disbursements over an 8 year period of time to identify any patterns of unusual activity, anomalies, or outliers indicative of lack of safeguarding of assets. KPMG obtained the transactional information and performed a systematic analysis to identify anomalous transactions for further analysis. The financial data analyzed included review of vendor relationships and nature of vendor disbursements, employee expense reporting, and examination of employee corporate credit card activity. The work performed by KPMG identified potential internal control weaknesses in the areas of accounts payable disbursements and vendor procurements. Based on our results of work performed, the City decided to implement remedial actions to improve and strengthen internal controls over these operational areas.</p> <p>Additionally, during the course of our work, the City engaged us to investigate a matter involving suspected employee embezzlement. The City believed the employee had misappropriated approximately \$500,000 of construction bond development deposits by submitting fraudulent vendor invoices for payment. KPMG assisted the City with an investigation conducted under the direction of external counsel.</p>	<p>Customer's Name: Confidential Address: Confidential Phone: Confidential E-mail: Confidential Contact: Confidential</p>	<p>5 months</p>
<p>Customer Name: Confidential Location: Los Angeles County, California</p>	<p>Our client, a major Southern California law enforcement agency retained us to conduct an evaluation of policies, procedures, and controls relating to accounting and finance related procedures and processes over procurement, cash disbursement, and revenue collection functions. Our work covered a period of three fiscal years and included identification of process inefficiencies and internal control weaknesses. Our work identified recommendations for enhancements and improvements to existing processes and controls.</p>	<p>Customer's Name: Confidential Address: Confidential Phone: Confidential E-mail: Confidential Contact: Confidential</p>	<p>7 months</p>

Proposed Team

Proposed Team

As an audit, tax, and advisory firm, KPMG is one of the largest accounting firms in the world. The KPMG Forensic practice comprises multidisciplinary professionals including Certified Public Accountants (CPAs) and Certified Fraud Examiners (CFEs) who have extensive experience and in-depth knowledge of accounting for governmental entities and municipalities including financial statement analysis, cost audits, and assessment of financial solvency. KPMG recognizes the importance of having a team with deep interdisciplinary experience with local resources. The vast background and competencies of KPMG professionals set us apart and extend beyond forensic accounting. KPMG professionals come from a diverse background:

- Forensic accounting
- Technology & data analytics
- Finance
- Organizational integrity
- Computer forensics
- Auditing
- Regulatory oversight
- Legal profession
- Law enforcement

The KPMG team members assigned to this project understand the City's requirements. Our team members are industry professionals with years of experience in providing forensic accounting services. Collectively, we bring skill, professional experience, and technical know-how to help our clients achieve resource-efficient results. Resumes of the proposed project team can be found in the following pages of this section.

Project Leadership

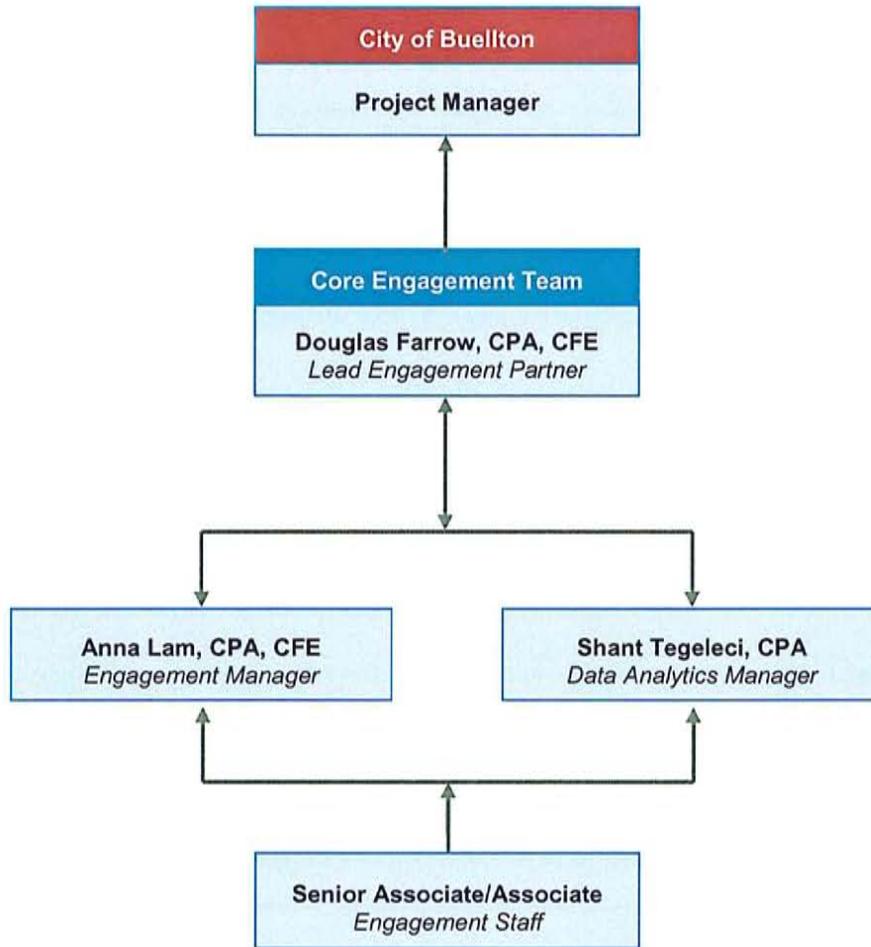
A Project Leadership Team led by Douglas Farrow will be responsible for overall project execution and administration. Doug will be supported by an engagement manager, who will assist with project coordination and engagement execution and be actively involved in the performance of the engagement. Engagement leadership will provide project supervision and coordinate the work of the project staff to ensure that resources are focused on the relevant and specific objectives.

Your engagement team leader is based in Los Angeles at:

Los Angeles, California office:
550 South Hope Street, Suite 1500
Los Angeles, CA 90071

Proposed Team Chart

The chart below depicts an overview of KPMG’s proposed engagement team structure, responsibilities, and reporting structure. See the following pages for resumes of the proposed project team, including professional qualifications, education, and work experience.



Team Resumes



Douglas E. Farrow
Partner

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Professional Associations

- Adjunct Professor – University of Southern California
- AICPA, American Institute of Certified Public Accountants
- ACFE, Association of Certified Fraud Examiners
- California Society of CPAs

Education, Licenses & Certifications

- BA, Pitzer College
- CPA, Licensed in CA
- CFE, Certified Fraud Examiner
- CFF, Certified in Financial Forensics (AICPA)

Background

Douglas Farrow is a partner in KPMG's Forensic Practice and has over 30 years of experience assisting, on a full-time basis, corporations, attorneys and their clients with a wide spectrum of financial, economic and accounting matters.

Doug's professional experience in the litigation and forensic services includes numerous engagements involving forensic accounting investigations, wage and hour compliance assessment and quantification of damages, lost profits, crisis management, and economic loss calculations in connection with civil litigation matters. He has assisted attorneys and their clients with preparation of damage models, discovery requests, preparation of deposition and interrogatory questions, document interpretation, analysis of opposition's damage and liability claims, research related to accounting and litigation issues, researching and analyzing market and industry trends, preparation of declarations, development of trial exhibits and presentations and preparation of expert witness for testimony.

Professional and Industry Experience

Doug has conducted numerous high-profile forensic accounting investigations pertaining to allegations of fraud and misconduct, accounting irregularities and financial statement fraud in a wide variety of industries. These investigations have involved matters such as improper revenue recognition, understated and/or delayed expense recognition, improper capitalization of expenses, improper inventory valuation, recognition of vendor allowance, inappropriate accounting for reserves, and disclosure requirements. He has assisted several large public companies with the restatement of prior years/quarters audited financial statement. In addition, he has prepared and communicated the results of these investigations to the SEC staff and/or the audit committee of the respective public companies.

The following list is samples of forensic accounting investigations in which Doug has been involved in.

Relevant Experience

- Assisted a large Southern California government municipality with an internal investigation into allegations of employee misconduct, specifically regarding suspected employee embezzlement carried out in collusion with a vendor. Our assistance involved review of multiple years of vendor invoices and check payment documents in addition to review of the corresponding electronic transactional data. Through our work, we determined the fraud scheme had been perpetrated by the employee over a ten year period of time and the amount of funds embezzled totaled in excess of \$6 million. Our work also included assistance to the municipality with preparation of an insurance claim to seek reimbursement of the embezzled funds through the insurance recovery process. Our review of the electronic transactional invoices and payments data was expedited through our experience and knowledge in the use of data analytic tools in detecting anomalies, outliers, or other unusual trends and patterns in a transaction data set. Our work assisted the municipality in identifying internal control weaknesses in the accounts payable process and providing recommendations to strengthen controls in the affected areas.
- Retained by a local Southern California city municipality to conduct a forensic investigative review involving suspected unauthorized service billings or non-conforming billing practices by a service vendor under contract with the city. The vendor invoices under review covered a span of over eleven years and represented vendor billings in excess of \$70 million for general municipal maintenance related services. Adding to the intricacies of the matter, the owner of the vendor company was also the former mayor of the city, which raised issues of potential conflict of interest and public corruption by a government official. In connection with our review of the invoices data, we created a relational database to house the invoices and check payments transactional data; the database facilitated electronic data analysis and

Douglas E. Farrow

streamlined data retrieval. Our work supported the city in terminating its service contract with the vendor.

- Assisted a Southern California city municipality with an internal investigation into employee embezzlement. The City suspected the employee had transferred in excess of \$5 million through wire transfer payments to multiple external third parties. KPMG performed a detailed and comprehensive examination and tracing of the wire transfer payments in question through to the City's bank account records to identify the pattern of the fraudulent activity and quantify the dollar amount of the embezzled funds. Our work was performed at the direction of the City Attorney and in cooperation with a parallel criminal investigation conducted by the District Attorney's Office. The results of our work assisted the City in addressing internal control weaknesses, quantifying the dollar amount of the fraudulent activity, and seeking recovery of amounts embezzled through the insurance claim process.
- We were engaged by a Southern California city municipality to perform a proactive data analysis of accounts payable and payroll disbursements over an 8 year period of time to identify any patterns of unusual activity, anomalies, or outliers indicative of potential fraud. KPMG obtained the transactional information and performed a systematic analysis to identify anomalous transactions for further analysis. The financial data analyzed included review of vendor relationships and nature of vendor disbursements, employee expense reporting, and examination of employee corporate credit card activity. The work performed by KPMG identified potential internal control weaknesses in the areas of accounts payable disbursements and vendor procurements. Based on our work performed, the City implemented remedial actions to improve and strengthen internal controls over these operational areas. Additionally, during the course of our work, the City engaged us to investigate a matter involving suspected employee embezzlement. The City believed the employee had misappropriated approximately \$500,000 by submitting fraudulent vendor invoices for payment. KPMG responded quickly and put together an investigation plan and assisted the City with an investigation conducted under the direction of external counsel.
- Our client, a California state regional rail commuter transportation authority and special-purpose governmental entity, retained us to provide forensic audit services to assist the organization in achieving the highest level of financial and accounting integrity by improving the reliability of the accounting books and records. Our work included reconciling significant account balances over cash, accounts receivable, and grant funding; instituting procedures for timely monthly and quarterly closing activities of the accounting books and records; and streamlining vendor payment procedures for a more efficient cash disbursements management process. Our work also included identifying and quantifying any unusual transactions or abnormal accounting practices that may be an indication of potential fraudulent activity or financial misconduct. The results of our work assisted the organization in improving policies and procedures and internal controls relating to cash, investments, grant management, and accounts payable.
- Major International Company. Retained by counsel to assist the attorneys and a major international company located in Italy with the review of certain financial information related to the Company's financial statements and other issues. The work entails the review of several transactions between the company and banks as well as the review of the auditors work papers for the relevant years in questions. The scope of work included, but was not limited to, the following: i) detail review of various transactions, agreements, business relationships and other dealings, ii) identification of potential claims against various parties involved, iii) assisted with various document requests and review of various documents, and iv) review of performance of certain business transactions in compliance with written agreements.
- Major Agricultural Company. On behalf of the Debtors in Possession, the Official Creditors' Committee and a major foreign bank, conducted an investigation of various directors and officers of a major agricultural company who had material interests in or transactions with the company. The scope of work included, but was not limited to (i) detailed review of various transactions, agreements, business relationships and

Douglas E. Farrow

other dealings between the company and its directors and officers; (ii) detailed review and analyses of receipts and disbursements; (iii) tracing and accounting for payments of cash and transfers of property; (iv) advising on the fairness and appropriate characterization of the agreements between the company and its directors and officers; (v) identifying potential claims in favor of the estate; and (vi) reviewing performance of certain business transactions in compliance with written agreements, appropriation of corporate opportunities, interference with management of company and alter ego liability.

- Large Worldwide Cellular Telephone Company. Conducted an investigation on behalf of a large worldwide cellular telephone company to investigate whether counterfeit cellular telephones were being produced and distributed in China. The company was alerted of counterfeiting activities through a whistleblower. To validate the company's suspicions, the investigation involved tracing the production and distribution processes of a cellular telephone, and reviewing the company's accounting records of production and distribution to ensure that cellular phone parts were not being diverted for counterfeit production. The investigation also involved review and examination of certain subcontractors for excess production of piece parts required for the complete assembly of a cellular telephone. The majority of this work was performed in China.
- Real Estate Development Corporation. A Texas-based real estate development corporation, founded by the son of a wealthy businessman and former presidential candidate, retained our services to conduct an investigation of a business partner concerning allegations of embezzlement and other misappropriation of funds. The investigation involved three limited liability partnerships undertaken jointly by the real estate development corporation and the business partner to develop commercial and residential real estate property in Hawaii. The investigation included review of the accounting records of the partnerships for evidence of potential misappropriation of partnership funds and assessment of potential conflicts of interest involving the business partner and its related parties.
- Big Five Accounting Firm. Retained by counsel representing another "Big Five" accounting firm that were alleged to have issued audit opinions that were "materially false and misleading" in connection with the sale of unregistered securities denominated as promissory notes by a non-profit Arizona Corporation. Addressed issues such as "arm's length transactions," and sources and uses of funds.
- Officer of a Major Japanese Corporation. Conducted an investigation of an officer of a major Japanese corporation, doing business in the United States, relating to the misappropriation of corporate funds and opportunities for the individual's own personal benefit. Investigation included assisting the corporation with a forensic and fraud investigation relative to the complex and illegal use of corporate funds and opportunities by an officer.
- Various Physicians. Conducted several investigations of various physicians relating to the misappropriation and/or reporting of funds to the various hospitals in compliance with established agreements between the physicians and hospitals. Investigations included detailed analyses of the individual physicians' billing and collection practices.
- Japanese Corporation. On behalf of a Japanese corporation, conducted an investigation of a developer who borrowed a large sum of money from a Japanese corporation to construct luxury single family homes in the Los Angeles area, which were over budget and never completed. Work included assisting counsel of the Japanese corporation with a forensic investigation regarding the complex and illegal use of funds by the U.S. developer. Addressed issues such as "arm's length transactions," and sources and uses of funds.
- Large Corporation. Conducted an investigation of a Branch Operational Manager, relating to the misappropriation of corporate funds and opportunities for the individual's own personal benefit. Investigation included assisting the corporation with a forensic and fraud investigation relative to the complex and illegal use of corporate funds and opportunities by a Branch Operational Manager. Work included development and presentation of a fidelity bond claim to the insurance carrier and assisting with settlement negotiation between the insurance carrier and the corporation. Addressed issues such as "arm's length transactions," and sources and uses of funds.

Douglas E. Farrow

- Major Taiwanese Corporation. Conducted an investigation of an officer of a major Taiwanese corporation, doing business in the United States, relating to the misappropriation of corporate funds and opportunities for the individual's own personal benefit. Investigation included assisting counsel and the corporation with a forensic and fraud investigation relative to the complex and illegal use of corporate funds and opportunities by the Officer. Addressed issues such as "arm's length transactions," and sources and uses of funds.
- Major Manufacturer. Conducted an investigation on behalf of a major manufacturer relative to a license agreement. Work included review of various books and records in order to determine the proper payments to the manufacturer in compliance with the license agreement.
- U.S. Department of Justice. Conducted an investigation on behalf of the Department of Justice in the state of California of major banks which charged consumers a re-conveyance fee but did not perform the re-conveyance as stated in the agreement(s).
- Major Automobile Manufacturer. Assisted a global trading arm of a major automobile manufacturer with the review and assessment of a claim prepared for mediation purposes to resolve a dispute with a seafood vendor for amounts owed by the vendor to the company. Our work included assisting the accounting department with reconciling seafood vendor contracts over a span of five years to develop a profit and loss statement based on the reconciliation.
- Los Angeles City Attorney's Office. Retained by the City Attorney's Office in Los Angeles in a qui tam investigation. The investigation included review of various procedures pertaining potential mismanagement of disaster recovery program funded by the federal government.

Publications and Speaking Engagements

- Interview with The Metropolitan Corporate Counsel, Inc. "Crisis Management And Disaster Recovery: A Matter For Experienced Forensic Advisors" July/ August 2013
- Doug is co-author of an article titled "Construction Litigation – A Look at the ABCs"
- Doug is author of an article titled "Considering a Methodology for Estimating Potential 10b-5 Damages"
- Doug is author of an article titled "What you Should Know About Investigations"



ANNA LAM

Manager

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Function and Specialization

Anna is a member of the Forensic practice specializing in investigative services, dispute advisory services, and litigation support.

Professional Associations

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- Association of Certified Fraud Examiners

Education, Licenses & Certifications

- Bachelor of Science in Accounting, University of Southern California
- Certified Public Accountant – California
- Certified Fraud Examiner – Association of Certified Fraud Examiners

Background

Anna is a manager in KPMG LLP's Forensic Advisory Services practice in the Los Angeles office. She has over 15 years of forensic accounting experience, including experience in organizational fraud and misconduct, fraud risk management, and dispute advisory services. Her professional experience has included public accounting and private industry providing services in forensic accounting, auditing, and financial analysis.

Relevant Experience

Anna has experience managing and coordinating Forensic engagements with responsibilities for planning, executing, and delivering services to clients in a wide variety of industries.

- **Investigative Services:** Anna has supervised and performed investigations into organizational fraud and misconduct, including issues of employee embezzlement, procurement fraud, fraudulent financial reporting, and foreign corrupt practice act (FCPA) matters. Skills she brings to forensic investigations include analysis of accounting documents, interviews of key personnel, and preparation and presentation of deliverables.
- **Business Insurance Claim Services:** Anna has managed and performed forensic accounting services in relation to insurance claims for damages and losses incurred from natural and man-made disasters, including Superstorm Sandy. Nature of services provided include aggregating costs related to property damages and extra expenses, determining business interruption losses sustained, and assisting clients in presenting claims to insurance carriers.
- **Dispute Advisory Services:** Anna has provided services relative to business litigation matters, involving the measurement of economic damages and lost profits. Nature of services provided include discovery assistance, review and analysis of accounting data and records, preparation of expert witness and rebuttal reports.

Presentation and Speaking Engagements

- Presenter, "Fraud and Embezzlement in Local Government" California Society of Municipal Finance Officers Central Los Angeles and South Bay Chapters, Cerritos, California, (2015)
- Presenter, "COSO 2013 and Cyber Fraud" Association of Certified Fraud Examiners Orange County Chapter, Irvine, California (2015)
- Guest Lecturer, University of Southern California, ACCT 587 – Forensic Accounting (2013).



SHANT TEGELECI

Manager

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Function and Specialization

Shant is a member of the Forensic Practice under the Investigations service line.

Professional Associations

- AICPA, American Institute of Certified Public Accountants
- ACFE, Association of Certified Fraud Examiners

Education, Licenses & Certifications

- B.A Business Economics, University of California, Irvine
- Master of Accounting, University of Southern California
- Certified Public Accountant, California
- Certified Fraud Examiner

Background

Shant Tegeleci is a Senior Associate in the Los Angeles office of KPMG's U.S. Forensic Advisory Services practice. Prior to joining KPMG, he received his Master of Accounting at University of Southern California. He is also certified as a CPA in the state of California.

Relevant Experience

KPMG

- Assisted a major utility company in preparing their insurance claim for Superstorm Sandy. Other responsibilities include reconciling labor hours with costs, preparing schedules for the insurance adjuster, as well as addressing ad hoc requests, which include requests from the Public Service Commission.
- Assisted an investment bank in developing an Expert Witness report to support arbitration proceedings to resolve a dispute. Shant assisted in developing the calculations related to the overall gain or loss of the investments. Responsibilities included creating a database to help analyze relationships among transactions, matching and deriving calculations from accounts in different currencies, and creating exhibits.
- Assisted a large utility company identify their public safety-related records, and assess how the company manages those records. Responsibilities include creating and maintaining an inventory and catalog documenting the various public safety records and their locations. Other responsibilities included creating flowcharts, creating and maintaining an interview matrix and documents received log, and preparing daily summary sheets for the client.
- Assisted one of Advisory's largest pharmaceutical clients by performing quality control procedures, data extraction, analysis, Recalculation and Variance determination, and GL reconciliations.
- Assisted on a federal engagement by performing compliance audits to ensure covered entities are compliant with HIPAA standards. Responsibilities included conducting interviews and reviewing and analyzing policies and procedures.
- Assisted a global asset management firm by reviewing employee emails and categorizing them based off importance and relativity to the subject at hand.
- Assisted on an Anti Money Laundering engagement by performing due diligence for financial institutions. This process, also known as Know Your Customer, included gathering data from multiple sources to prevent, detect, and report any money laundering activities.
- Assisted a large utility company by reviewing internal voicemails that had been leaked to the public for any personally identifiable information. This review included identifying the specific voicemails and ranking them based off of a list of keywords that we determined to be personally identifiable information.

Technical Skills

Proficient with Microsoft Excel, Word, PowerPoint, Visio, Access, SQL



CAROLINE VALENZUELA

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Risk Compliance*

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Function and Specialization

Caroline is a member of the Forensic Advisory practice.

Professional Associations

- KPMG's Network of Women (KNOW)

Languages

- English (Native)
- Spanish (Advanced: Reading and Writing)
(Intermediate: Speaking)

Education, Licenses & Certifications

- BBA, University of Notre Dame,
Accountancy and Spanish

Background

Caroline is an associate in the Los Angeles office of KPMG LLP's Forensic Advisory practice. Prior to joining KPMG, she received her Bachelor of Business Administration from the University of Notre Dame with a double major in Accounting and Spanish. She interned with the firm during the summer of 2014 and became full-time staff in July 2015.

Professional and Industry Experience

Caroline has experience providing forensic services for various types of clients including pharmaceutical companies, healthcare organizations and companies in the aerospace and microelectronics industry.

- Participated in an e-mail review of a healthcare organization using Relativity and BrainSpace to assist in a fraud investigation.
- Supported the development of an anti-bribery and corruption audit plan by participating in interviews of key members of the client's management team as well as examining relevant client policies surrounding this issue.

Technical Skills

Microsoft Excel, Word, PowerPoint, Access, Relativity, BrainSpace

Other Activities

- Member KPMG's Network of Women (KNOW)

Appendix I: Required Information

Required Information

Positive Statement of Good Standing

KPMG is an equal opportunity employer and is committed to a diverse workplace that is free from discrimination. The firm also is committed to treating all employees with respect and dignity. As is the case with all major professional services firms, from time to time, KPMG has received inquiries from regulatory agencies concerning labor and employment matters, or has been named as a defendant in employment-related lawsuits. Understandably, the details of such matters are sensitive and highly confidential. We have no pending labor or employment litigation that would materially affect the firm's operations or our ability to perform services for you. Furthermore, to the best of our knowledge, there are no convictions of our firm or any officer of our firm related to any state or federal law relating to the employment of undocumented foreign workers.

KPMG is a nationwide accounting firm and works on thousands of engagements each year across the country. We do not formally track contract terminations. As is the case with other major accounting firms, occasionally KPMG may receive a question or complaint from a client about the conduct of a particular engagement. KPMG attempts to promptly address and resolve issues with clients, so that clients do not invoke contractual termination or default clauses. KPMG is not aware of any significant issues relating to contracts with other clients in the last five years, or any terminations of those contracts, which would present any concerns with respect to KPMG's ability to successfully perform the services contemplated by this proposal.

KPMG is authorized to do business in the City, and is not under suspension or debarment by the State of California or any other governmental authority. Furthermore, KPMG does not believe that the firm currently faces any financial conditions that could hinder its ability to complete the project if the City accepted our proposal.

Disclosure of Independence

Compliance with independence standards is a professional responsibility prerequisite to providing audit, review, and other attestation services. The AICPA Statements of Auditing Standards (SASs), Statement on Standards for Accounting Review Services (SSARS), and Statements on Standards for Attestation Engagements (SSAEs) contain requirements of independence for attest engagements. The Generally Accepted Government Auditing Standards (GAGAS) provides a framework for conducting financial statement audits with competence, integrity, objectivity and independence. Since the RFP is not requesting an audit of the City's financial statements or attestation services, GAGAS requirements and guidance on independence are NOT applicable to the proposed services.

However, KPMG recognizes that one of the most important aspects of professionalism is the requirement to be independent in fact and appearance. We will serve the City's interest by seeking to accomplish the objectives of this engagement while maintaining integrity and objectivity.

Positive Statement of No Conflict

The City may be assured that KPMG recognizes the importance of professional objectivity to this engagement. We have implemented robust systems and controls designed to meet all applicable regulatory requirements. We have identified all KPMG engagements with the City over the past six years and determined that there are no conflicts of interest related to this project. We have also determined that our engagement team members do not have any close relationships, financial interests, or conflict with the City or any of its components. Should any new information come to our attention, KPMG will promptly inform you.

Audit Quality Reviews

KPMG LLP has a continuing commitment to improving audit quality, and we believe that we consistently deliver high-quality audit services to our audit clients. KPMG LLP maintains a system of quality controls for its audit practice that is designed to meet or exceed the requirements of applicable professional standards issued by the PCAOB and the AICPA. Our policies reflect individual quality control elements to help KPMG partners and employees act with integrity, professional skepticism, and objectivity; perform their work with diligence, and comply with applicable laws, regulations, and professional standards.

Like all major accounting firms, KPMG's public company audit practice is inspected yearly by the PCAOB, and our private company audit practice is peer reviewed every three years. Like all major accounting firms, we receive comments on our audit work from these inspections and peer reviews from time to time. KPMG LLP is not aware of any peer review or inspection comments or findings which would present any concerns with respect to KPMG LLP's ability to successfully perform audit services for you.

PCAOB Inspection Report

On November 10, 2015, the PCAOB released KPMG's 2014 inspection report. Our 2014 inspection report summarizes the results of inspections conducted by the PCAOB in 2014, consisting primarily of audits of 2013 financial statements.

The Board makes portions of the report publicly available, specifically Part I and portions of Appendix C. Part I presents the inspection procedures and certain observations and Appendix C includes the Firm's comments, if any.

KPMG submitted its response to the nonpublic portion of our 2014 inspection report to the PCAOB in October 14, 2016. We would welcome the opportunity to discuss any questions you have about these results, as well as the many initiatives we have implemented to help ensure that your audit is of high quality and performed in an independent, objective and ethical manner worthy of your confidence.

Peer Review Report

On December 5, 2014, PricewaterhouseCoopers LLP issued a peer review report on KPMG LLP's system of quality control for the accounting and auditing practice. KPMG received a peer review rating of pass, the highest grade.



System Review Report

To the Partners of KPMG LLP
And the National Peer Review Committee of the AICPA Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the Firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended March 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, an audit performed under FDICIA, audits of a carrying broker-dealers, and examinations of services organizations [Service Organizations Control (SOC 1) engagements].

In our opinion, the system of quality control for the accounting and auditing practice of KPMG LLP, applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended March 31, 2014, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. KPMG LLP has received a peer review rating of *pass*.

PricewaterhouseCoopers LLP

December 5, 2014

Peer Review Report

On December 11, 2014, the AICPA National Peer Review Committee formally accepted that peer review report. Our next peer review is scheduled for 2017.



American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

December 11, 2014

John B Veihmeyer, CPA
KPMG LLP
345 Park Ave
New York, NY 10154

Dear Mr. Veihmeyer:

It is my pleasure to notify you that on December 11, 2014 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2017. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

A handwritten signature in black ink that reads "Larry Gray". The signature is written in a cursive style.

Larry Gray
Chair, National Peer Review Committee
nprc@aicpa.org 919 402.4502

cc: Keith Robert Rowden; Thomas W Whittle

Firm Number: 10054128

Review Number 359579

Contact us

Douglas Farrow
Forensic Advisory Partner

Office: 213-972-4000

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Email: dfarrow@kpmg.com

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Copy

Response to

City of Buellton

Cost Proposal

Private Developer Projects Fund Analysis

March 27, 2017

kpmg.com

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Suite 1500
Los Angeles, CA 90071



KPMG LLP
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Los Angeles, CA 90071-2629

Telephone +1 213 972 4000
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Internet www.us.kpmg.com

March 27, 2017

Carolyn Galloway-Cooper
Finance Director
City of Buellton
P.O. Box 1819
Buellton, CA 93427

Re: Request for Proposal: Proposal of KPMG to the City of Buellton, Finance Department, for Services Related to Review of Private Developer Project Funds

Dear Ms. Galloway-Cooper,

KPMG LLP (KPMG) is pleased to present to the City of Buellton (the City) our cost proposal to provide accounting services for analysis of the City's Private Developer Projects (Private Projects). KPMG is committed to making the necessary investments to build our working relationship with the City. This commitment is demonstrated not only in the quality of personnel assigned to serve you, but also in what we believe is a cost effective fee structure that takes into account the requirements and conditions in the Request for Proposal (RFP) document.

As such, our Cost Proposal Total Amount is in a range of approximately \$240,000 – \$265,000. Our proposed fees and expenses are based on our understanding of the objectives and scope as outlined in the RFP, the City's response to vendor questions, our Technical Proposal, the level of experience of the personnel assigned, number of hours estimated to complete the work set forth in our proposal and travel expenses.

We look forward to the opportunity to discuss this proposal with you in more detail and are excited about the prospect of working with you on this important project. Should you require any clarification or further information, please do not hesitate to contact me directly at 213.955.8389 or dfarrow@kpmg.com.

This proposal shall remain valid for a period of not less than 60 days from the date of submittal.

Very truly yours,

KPMG LLP
Douglas Farrow
Forensic Partner

Contents

Professional Fees 1

This proposal is made by KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

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Professional Fees

Professional Fees

Summary of Cost

We are pleased to present below our proposed fees to the City to conduct a comprehensive analysis of the City's Private Project funds.

Below are our responses to the cost bid proposal requirements outlined in the RFP:

Estimated Professional Fees	Currency
\$240,000 - \$265,000	USD

Proposed Hourly Rate

Our professional fees will be based upon the specified skill level of the professionals providing the services and the amount of time and materials required to complete the project. Because of our desire to build an ongoing working relationship with the City and assist the City on this project, the rates we are offering on this proposal have been significantly discounted from our standard rates. We propose to use the following hourly rate structure for this engagement:

Professionals	Rate
Partners	\$400
Directors	\$375
Managers	\$325
Senior Staff	\$250
Staff	\$185

The estimates reflected above are current as of the date of this proposal and are firm for a period of 60 days from proposal submittal. Our proposed rates encompass all burdens including, but not limited to, overhead and profit, general and administrative expenses, premium/overhead costs, other non-labor direct costs, direct costs, fringes, and fees. All prices/rates are quoted in U.S. dollars and exclusive of taxes. KPMG does not intend to use subcontractors on this engagement.

We are pleased to present our proposed fees to the City to conduct an analysis of the City's Private Project funds. Although we will need additional information to finalize the expected hours and fees, we have **estimated total fees and expenses in the range of approximately \$240,000 to \$265,000** (comprised of fees ranging from \$226,000 - \$ 249,000 and travel expenses ranging from \$14,000 - \$16,000) based on the RFP requirements. Our estimated blended hourly billing rate is approximately **\$252**, based on staffing requirements.

Analysis of Private Projects	Hours Range	Rate	Fees Range
Partners	25 - 30	\$400	\$10,000 - \$12,000
Managers	160 - 175	\$325	52,000 - 56,875
Supervisory Staff	280 - 295	\$250	70,000 - 73,750
Staff	325 - 350	\$185	60,125 - 64,750
Subtotal	900 - 985		226,000 - 249,000
Report and Findings			
Partners	10 - 15	\$400	\$4,000 - \$6,000
Managers	65 - 75	\$325	21,125 - 24,375
Supervisory Staff	35 - 45	\$250	8,750 - 11,250
		\$185	
Subtotal	900 - 985		226,000 - 249,000
Total Fees			
Out of Pocket Travel Expenses			14,000 - 16,000
Total Not to Exceed (all inclusive)	900 - 985		\$240,000 - \$265,000

The proposed fees will be billed on time and materials based on the proposed hourly rates, subject to the not-to-exceed cost as estimated above. We are committed to providing a high level of service to you and timely delivery to meet the City's objectives. As you are aware, realization of the estimated hours and fees as stated above will depend on a variety of factors including, but not limited to, the adequacy and conditions of the records and the extent of the cooperation obtained. In light of our ultimate goal in supporting you in your efforts to effectively and efficiently manage this project, we will work closely with you to track and manage our hours and professional fees.

The contact at KPMG in connection with this proposal is:

Douglas E. Farrow

Partner

Los Angeles, Ca

KPMG LLP

Tel: 213 955 8389

dfarrow@kpmg.com

Contact us

Douglas Farrow
Forensic Advisory Engagement Partner

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City Auditing Bid Information

NAME	LOCATION	2004 - 2017 AUP			
Glenn Burdette	Santa Maria	Option 1: \$ 7,500			
		Option 2: \$ 20,000			
		Option 3: \$12,500			
KPMG	Los Angeles	\$240,000-\$265,000			

**AGREEMENT FOR AGREED-UPON PROCEDURES SERVICES
BETWEEN
THE CITY OF BUELLTON
AND
GLENN BURDETTE**

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**AGREEMENT FOR AGREED-UPON PROCEDURES SERVICES
BETWEEN
CITY OF BUELLTON
AND
GLENN BURDETTE**

This AGREEMENT FOR AGREED-UPON PROCEDURES SERVICES ("AGREEMENT") is made and entered into this 13th day of April 2017, by and among the City of BUELLTON a municipal corporation ("CITY") and GLENN BURDETTE ("*CONTRACTOR*").

In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

SECTION 1. TERM OF AGREEMENT.

Subject to the provisions of SECTION 19 "TERMINATION OF AGREEMENT" of this AGREEMENT, the term of this AGREEMENT shall be for a period of sixty (60) days from the date of this contract, as first shown above. Such term may be extended upon written agreement of both parties to this AGREEMENT.

SECTION 2. SCOPE OF SERVICES.

CONTRACTOR agrees to perform the services set forth in EXHIBIT "A", "SCOPE OF SERVICES/PROPOSAL" and made a part of this AGREEMENT.

SECTION 3. ADDITIONAL SERVICES.

CONTRACTOR shall not be compensated for any services rendered in connection with its performance of this AGREEMENT which are in addition to or outside of those set forth in this AGREEMENT or listed in EXHIBIT "A" unless such additional services are authorized in advance and in writing by the City Council or City Manager of CITY. *CONTRACTOR* shall be compensated for any such additional services in the amounts and in the manner agreed to by the City Council or City Manager.

SECTION 4. COMPENSATION AND METHOD OF PAYMENT.

(a) Subject to any limitations set forth in this AGREEMENT, CITY agrees to pay *CONTRACTOR* the amounts specified in EXHIBIT "A" and made a part of this AGREEMENT. The total compensation, including reimbursement for actual expenses, shall not exceed TWELVE THOUSAND FIVE HUNDRED DOLLARS (\$12,500), unless additional compensation is approved in writing by the City Council or City Manager.

(b) Each month *CONTRACTOR* shall furnish to CITY an original invoice for all work performed and expenses incurred during the preceding month. The invoice shall detail charges by the following categories: labor (by sub-category), travel, materials, equipment, supplies, sub-consultant contracts and miscellaneous expenses. CITY shall independently review each invoice submitted by the *CONTRACTOR* to determine whether the work performed and expenses incurred are in compliance with the provisions of this AGREEMENT. In the event that no charges or expenses are disputed, the invoice shall be approved and paid according to

the terms set forth in subsection (c). In the event CITY disputes any charges or expenses, the original invoice shall be returned by CITY to *CONTRACTOR* for correction and resubmission.

(c) Except as to any charges for work performed or expenses incurred by *CONTRACTOR* which are disputed by CITY, CITY will use its best efforts to cause *CONTRACTOR* to be paid within thirty (30) days of receipt of *CONTRACTOR* invoice.

(d) Payment to *CONTRACTOR* for work performed pursuant to this AGREEMENT shall not be deemed to waive any defects in work performed by *CONTRACTOR*.

SECTION 5. INSPECTION AND FINAL ACCEPTANCE.

CITY may inspect and accept or reject any of *CONTRACTOR*'s work under this AGREEMENT, either during performance or when completed. CITY shall reject or finally accept *CONTRACTOR*'s work within sixty (60) days after submitted to CITY. CITY shall reject work by a timely written explanation, otherwise *CONTRACTOR*'s work shall be deemed to have been accepted. CITY's acceptance shall be conclusive as to such work except with respect to latent defects, fraud and such gross mistakes as amount to fraud. Acceptance of any of *CONTRACTOR*'s work by CITY shall not constitute a waiver of any of the provisions of this AGREEMENT including, but not limited to, sections 15 and 16, pertaining to indemnification and insurance, respectively.

SECTION 6. OWNERSHIP OF DOCUMENTS.

All original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents prepared, developed or discovered by *CONTRACTOR* in the course of providing any services pursuant to this AGREEMENT shall become the sole property of CITY and may be used, reused or otherwise disposed of by CITY without the permission of the *CONTRACTOR*. Upon completion, expiration or termination of this AGREEMENT, *CONTRACTOR* shall turn over to CITY all such original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents.

SECTION 7. CONTRACTOR'S BOOKS AND RECORDS.

(a) *CONTRACTOR* shall maintain any and all documents and records demonstrating or relating to *CONTRACTOR*'s performance of services pursuant to this AGREEMENT. *CONTRACTOR* shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, or other documents or records evidencing or relating to work, services, expenditures and disbursements charged to CITY pursuant to this AGREEMENT. Any and all such documents or records shall be maintained in accordance with generally accepted accounting principles and shall be sufficiently complete and detailed so as to permit an accurate evaluation of the services provided by *CONTRACTOR* pursuant to this AGREEMENT. Any and all such documents or records shall be maintained for three years from the date of execution of this AGREEMENT and to the extent required by laws relating to audits of public agencies and their expenditures.

(b) Any and all records or documents required to be maintained pursuant to this section shall be made available for inspection, audit and copying, at any time during regular business hours, upon written request by CITY or its designated representative. Copies of such documents or records shall be provided directly to the CITY for inspection, audit and copying

when it is practical to do so; otherwise, unless an alternative is mutually agreed upon, such documents and records shall be made available at *CONTRACTOR*'s address indicated for receipt of notices in this AGREEMENT.

(c) Where CITY has reason to believe that any of the documents or records required to be maintained pursuant to this section may be lost or discarded due to dissolution or termination of *CONTRACTOR*'s business, CITY may, by written request, require that custody of such documents or records be given to the requesting party and that such documents and records be maintained by the requesting party. Access to such documents and records shall be granted to CITY, as well as to its successors-in-interest and authorized representatives.

SECTION 8. STATUS OF CONTRACTOR.

(a) Contractor is and shall at all times remain a wholly independent contractor and not an officer, employee or agent of CITY. *CONTRACTOR* shall have no authority to bind CITY in any manner, nor to incur any obligation, debt or liability of any kind on behalf of or against CITY; whether by contract or otherwise, unless such authority is expressly conferred under this AGREEMENT or is otherwise expressly conferred in writing by CITY.

(b) The personnel performing the services under this AGREEMENT on behalf of Contractor shall at all times be under *CONTRACTOR*'s exclusive direction and control. Neither CITY, nor any elected or appointed boards, officers, officials, employees or agents of CITY, shall have control over the conduct of *CONTRACTOR* or any of *CONTRACTOR*'s officers, employees or agents, except as set forth in this AGREEMENT. *CONTRACTOR* shall not at any time or in any manner represent that *CONTRACTOR* or any of *CONTRACTOR*'s officers, employees or agents are in any manner officials, officers, employees or agents of CITY.

(c) Neither *CONTRACTOR*, nor any of *CONTRACTOR*'s officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to CITY's employees. *CONTRACTOR* expressly waives any claim *CONTRACTOR* may have to any such rights.

SECTION 9. STANDARD OF PERFORMANCE.

CONTRACTOR represents and warrants that it has the qualifications, experience and facilities necessary to properly perform the services required under this AGREEMENT in a thorough, competent and professional manner. *CONTRACTOR* shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. In meeting its obligations under this AGREEMENT, *CONTRACTOR* shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of *CONTRACTOR* under this AGREEMENT.

SECTION 10. COMPLIANCE WITH APPLICABLE LAWS, PERMITS AND LICENSES.

CONTRACTOR shall keep itself informed of and comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this AGREEMENT. *CONTRACTOR* shall obtain any and all licenses, permits and authorizations necessary to perform the services set forth in this AGREEMENT. Neither CITY, nor any elected or appointed boards, officers, officials, employees or agents of CITY, shall be liable, at law or in equity, as a result of any failure of *CONTRACTOR* to comply with this section.

SECTION 11. NONDISCRIMINATION.

Basic Provisions. In performing the Work, *CONTRACTOR* agrees as follows:

(1) *CONTRACTOR* will not discriminate against any employee or applicant from employment because of race, creed, color, national origin, ancestry, sexual orientation, political affiliation or beliefs, sex, age, physical handicap, medical condition, marital status or pregnancy (as those terms are defined by the California Fair Employment and Housing Act—Government Code Section 12900-12996), except where such discrimination is based on a bona fide occupational qualification. *CONTRACTOR* will take positive action or ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, national origin, ancestry, sexual orientation, political affiliation or beliefs, sex, age, physical handicap, medical condition, marital status or pregnancy (as those terms are defined by the California Fair Employment and Housing Act—Government Code Section 12900-12996), except where such discrimination is based on a bona fide occupational qualification. Such action shall include but not be limited to the following: Employment upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. *CONTRACTOR* agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by CITY setting forth the provisions of this nondiscrimination clause.

(2) *CONTRACTOR* will, in all solicitations or advertisements for employees placed by or on behalf of *CONTRACTOR*, state that all qualified applicants will receive consideration for employment without regard to race creed, color, national origin, ancestry, sexual orientation, political affiliation or beliefs, sex, age, physical handicap, medical condition, marital status or pregnancy (as those terms are defined by the California Fair Employment and Housing Act—Government Code Section 12900-12996), except where such discrimination is based on a bona fide occupational qualification.

SECTION 12. UNAUTHORIZED ALIENS.

CONTRACTOR hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §1101, *et seq.* as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should *CONTRACTOR* so employ such unauthorized aliens for the performance of work and/or services covered by this AGREEMENT, and should any liability or sanctions be imposed against CITY for such use of unauthorized aliens, *CONTRACTOR* hereby agrees to and shall reimburse CITY for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by CITY.

SECTION 13. CONFLICTS OF INTEREST.

(a) ~~(~~*CONTRACTOR* covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of CITY or which would in any way hinder *CONTRACTOR*'s performance of services under this AGREEMENT. *CONTRACTOR* further covenants that in the performance of this AGREEMENT, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the City Manager. *CONTRACTOR* agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of CITY in the performance of this AGREEMENT.

(b) CITY understands and acknowledges that *CONTRACTOR* is, as of the date of execution of this AGREEMENT, independently involved in the performance of non-related services for other governmental agencies and private parties. *CONTRACTOR* is unaware of any stated position of CITY relative to such projects. Any future position of CITY on such projects shall not be considered a conflict of interest for purposes of this section.

SECTION 14. CONFIDENTIAL INFORMATION; RELEASE OF INFORMATION.

(a) All information gained or work product produced by *CONTRACTOR* in performance of this AGREEMENT shall be considered confidential, unless such information is in the public domain or already known to *CONTRACTOR*. *CONTRACTOR* shall not release or disclose any such information or work product to persons or entities other than CITY without prior written authorization from the City Manager, except as may be required by law.

(b) *CONTRACTOR*, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the City Manager or unless requested by the City Attorney of CITY, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this AGREEMENT. Response to a subpoena or court order shall not be considered "voluntary" provided *CONTRACTOR* gives CITY notice of such court order or subpoena.

(c) If *CONTRACTOR*, or any officer, employee, agent or subcontractor of *CONTRACTOR*, provides any information or work product in violation of this AGREEMENT, then CITY shall have the right to reimbursement and indemnity from *CONTRACTOR* for any damages, costs and fees, including attorneys fees, caused by or incurred as a result of *CONTRACTOR*'s conduct.

(d) *CONTRACTOR* shall promptly notify CITY should (*CONTRACTOR*, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this AGREEMENT and the work performed thereunder. CITY retains the right, but has no obligation, to represent *CONTRACTOR* or be present at any deposition, hearing or similar proceeding. *CONTRACTOR* agrees to cooperate fully with CITY and to provide CITY with the opportunity to review any response to discovery requests provided by *CONTRACTOR*. However, this right to review any such response does not imply or mean the right by CITY to control, direct, or rewrite said response.

SECTION 15. INDEMNIFICATION.

INDEMNITY FOR PROFESSIONAL LIABILITY: When the law establishes a professional standard of care for *CONTRACTOR*'s services, to the fullest extent permitted by law, *CONTRACTOR* shall indemnify, defend and hold harmless CITY and any and all of its boards, officials, employees, and agents ("Indemnified Parties") from and against all losses, liabilities, damages, costs and expenses, including attorney's fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of *CONTRACTOR*, its officers, agents, employees or subs (or any entity or individual for which *CONTRACTOR* shall bear legal liability) in the performance of professional services under this agreement.

INDEMNITY FOR OTHER THAN PROFESSIONAL LIABILITY: Other than in the performance of professional services and to the full extent permitted by law, *CONTRACTOR* shall indemnify, defend and hold harmless CITY, and any and all of its boards, employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this AGREEMENT by *CONTRACTOR* or by any individual or entity for which *CONTRACTOR* is legally liable, including but not limited to officers, agents, employees or subcontractors of *CONTRACTOR*.

SECTION 16. INSURANCE.

CONTRACTOR agrees to obtain and maintain in full force and effect during the term of this AGREEMENT the insurance policies set forth in EXHIBIT "B" "INSURANCE" and made a part of this AGREEMENT. All insurance policies shall be subject to approval by CITY as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the City Manager. *CONTRACTOR* agrees to provide CITY with copies of required policies upon request.

SECTION 17. ASSIGNMENT.

The expertise and experience of *CONTRACTOR* are material considerations for this AGREEMENT. CITY has an interest in the qualifications of and capability of the persons and entities who will fulfill the duties and obligations imposed upon *CONTRACTOR* under this AGREEMENT. In recognition of that interest, shall not assign or transfer this Agreement or any portion of this AGREEMENT or the performance of any of *CONTRACTOR*'s duties or obligations under this AGREEMENT without the prior written consent of the City Council. Any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this AGREEMENT entitling CITY to any and all remedies at law or in equity, including summary termination of this AGREEMENT. CITY acknowledges, however, that *CONTRACTOR*, in the performance of its duties pursuant to this AGREEMENT, may utilize subcontractors.

SECTION 18. CONTINUITY OF PERSONNEL.

CONTRACTOR shall make every reasonable effort to maintain the stability and continuity of *CONTRACTOR*'s staff assigned to perform the services required under this AGREEMENT. *CONTRACTOR* shall notify CITY of any changes in *CONTRACTOR*'s staff assigned to perform the services required under this AGREEMENT, prior to any such performance.

SECTION 19. TERMINATION OF AGREEMENT.

(a) CITY may terminate this AGREEMENT, with or without cause, at any time by giving thirty (30) days written notice of termination to *CONTRACTOR*. In the event such notice is given, *CONTRACTOR* shall cease immediately all work in progress.

(b) *CONTRACTOR* may terminate this AGREEMENT at any time upon thirty-(30) days written notice of termination to CITY.

(c) If either *CONTRACTOR* or CITY fail to perform any material obligation under this AGREEMENT, then, in addition to any other remedies, either *CONTRACTOR*, or CITY may terminate this AGREEMENT immediately upon written notice.

(d) Upon termination of this AGREEMENT by either *CONTRACTOR* or CITY, all property belonging exclusively to CITY, which is in *CONTRACTOR*'s possession, shall be returned to CITY. *CONTRACTOR* shall furnish to CITY a final invoice for work performed and expenses incurred by *CONTRACTOR*, prepared as set forth in SECTION 4 of this AGREEMENT. This final invoice shall be reviewed and paid in the same manner as set forth in SECTION 4 of this AGREEMENT.

SECTION 20. DEFAULT.

In the event that *CONTRACTOR* is in default under the terms of this AGREEMENT, the CITY shall not have any obligation or duty to continue compensating *CONTRACTOR* for any work performed after the date of default and may terminate this AGREEMENT immediately by written notice to the *CONTRACTOR*.

SECTION 21. EXCUSABLE DELAYS.

CONTRACTOR shall not be liable for damages, including liquidated damages, if any, caused by delay in performance or failure to perform due to causes beyond the control of *CONTRACTOR*. Such causes include, but are not limited to, acts of God, acts of the public enemy, acts of federal, state or local governments, acts of CITY, court orders, fires, floods, epidemics, strikes, embargoes, and unusually severe weather. The term and price of this AGREEMENT shall be equitably adjusted for any delays due to such causes.

SECTION 22. COOPERATION BY CITY.

All public information, data, reports, records, and maps as are existing and available to CITY as public records, and which are necessary for carrying out the work as outlined in the EXHIBIT "A" "SCOPE OF SERVICES/PROPOSAL", shall be furnished to *CONTRACTOR* in every reasonable way to facilitate, without undue delay, the work to be performed under this AGREEMENT.

waiver of any other provision, nor a waiver of any subsequent breach or violation of any provision of this AGREEMENT. Acceptance by CITY of any work or services by CONTRACTOR shall not constitute a waiver of any of the provisions of this AGREEMENT.

SECTION 28. LAW TO GOVERN; VENUE.

This AGREEMENT shall be interpreted, construed and governed according to the laws of the State of California. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Santa Barbara. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in Los Angeles.

SECTION 29. ATTORNEYS FEES, COSTS AND EXPENSES.

In the event litigation or other proceeding is required to enforce or interpret any provision of this AGREEMENT, the prevailing party in such litigation or other proceeding shall be entitled to an award of reasonable attorney's fees, costs and expenses, in addition to any other relief to which it may be entitled.

SECTION 30. ENTIRE AGREEMENT.

This AGREEMENT, including the attached EXHIBITS "A" and "B", is the entire, complete, final and exclusive expression of the parties with respect to the matters addressed therein and supersedes all other agreements or understandings, whether oral or written, or entered into between CONTRACTOR and CITY prior to the execution of this AGREEMENT. No statements, representations or other agreements, whether oral or written, made by any parties which are not embodied herein shall be valid and binding. No amendment to this AGREEMENT shall be valid and binding unless in writing duly executed by the parties or their authorized representatives.

SECTION 31. SEVERABILITY.

If a term, condition or covenant of this AGREEMENT is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this AGREEMENT shall not be affected thereby and the AGREEMENT shall be read and construed without the invalid, void or unenforceable provision(s).

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed the day and year first above written.

GLENN BURDETTE

.

By: _____

By: _____

Title: _____

Title: _____

CITY OF BUELLTON

APPROVED AS TO FORM:

By: _____
Marc Bierdzinski, CITY MANAGER

Stephen A. McEwen, CITY ATTORNEY

EXHIBIT "A"

SCOPE OF SERVICES/PROPOSAL

[NOTE: Scope of Services and CONTRACTOR Compensation is set forth in the CONTRACTOR'S PROPSAL, dated MARCH 24, 2017, attached hereto and incorporated herein by this reference. The Scope of Services to be provided shall reflect the "Option 3" presented in the CONTRACTOR'S PROPOSAL. Total compensation shall not exceed \$12,500]

EXHIBIT "B"

INSURANCE

A. Insurance Requirements. *CONTRACTOR* shall provide and maintain insurance, acceptable to the City Manager or City Council, in full force and effect throughout the term of this AGREEMENT, against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by *CONTRACTOR*, its agents, representatives or employees. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII. *CONTRACTOR* shall provide the following scope and limits of insurance:

1. Minimum Scope of Insurance. Coverage shall be at least as broad as:

(1) Insurance Services Office form Commercial General Liability coverage (Occurrence Form CG 0001).

(2) Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, including code 1 "any auto" and endorsement CA 0025, or equivalent forms subject to the written approval of the City.

(3) Workers' Compensation insurance as required by the Labor Code of State of California and Employer's Liability insurance and covering all persons providing services on behalf of the *CONTRACTOR* and all risks to such persons under this AGREEMENT.

(4) Errors and omissions liability insurance appropriate to the *CONTRACTOR*'s profession.

2. Minimum Limits of Insurance. *CONTRACTOR* shall maintain limits of insurance no less than:

(1) General Liability: \$1,000,000 general aggregate for bodily injury, personal injury and property damage.

(2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

(3) Workers' Compensation and Employer's Liability: Workers' Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

(4) Errors and omissions Liability: \$1,000,000 per occurrence.

B. Other Provisions. Insurance policies required by this AGREEMENT shall contain the following provisions:

1. All Policies. Each insurance policy required by this paragraph 5 shall be endorsed and state the coverage shall not be suspended, voided, cancelled by the insurer or either party to this AGREEMENT, reduced in coverage or in limits except after 30 days' prior written notice by Certified mail, return receipt requested, has been given to the CITY FINANCE DIRECTOR.

2. General Liability Accident -- Mobile Liability Rates.

(1) CITY and its respective elected and appointed officers, officials, and employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities *CONTRACTOR* performs; products and completed operations of *CONTRACTOR*; premises owned, occupied or used by; or automobiles owned, leased, hired or borrowed by *CONTRACTOR*. The coverage shall contain no special limitations on the scope of protection afforded to CITY, and their respective elected and appointed officers, officials, or employees.

(2) *CONTRACTOR*'s insurance coverage shall be primary insurance with respect to CITY, and its respective elected and appointed, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by CITY, and its respective elected and appointed officers, officials, employees or volunteers, shall apply in excess of, and not contribute with, *CONTRACTOR*'s insurance.

(3) *CONTRACTOR*'s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(4) Any failure to comply with the reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to CITY, and its respective elected and appointed officers, officials, employees or volunteers.

3. Workers' Compensation and Employer's Liability Coverage. Unless the City Manager otherwise agrees in writing, the insurer shall agree to waive all rights of subrogation against CITY, and its respective elected and appointed officers, officials, employees and agents for losses arising from work performed by *CONTRACTOR*.

C. Other Requirements. *CONTRACTOR* agrees to deposit with CITY, at or before the effective date of this contract, certificates of insurance necessary to satisfy CITY that the insurance provisions of this contract have been complied with. The City Attorney may require that *CONTRACTOR* furnish CITY with copies of original endorsements effecting coverage required by this Section. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. CITY reserves the right to inspect complete, certified copies of all required insurance policies, at any time.

1. *CONTRACTOR* shall furnish certificates and endorsements from each subcontractor identical to those provides.

2. Any deductibles or self-insured retentions must be declared to and approved by CITY. At the option of CITY, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CITY or its respective elected or appointed officers, officials, employees and volunteers or the *CONTRACTOR* shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims.

3. The procuring of such required policy or policies of insurance shall not be construed to limit *CONTRACTOR's* liability hereunder nor to fulfill the indemnification provisions and requirements of this AGREEMENT.

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 10

To: The Honorable Mayor and City Council

From: Linda Reid, City Clerk

Meeting Date: April 13, 2017

Subject: Interview and Possible Appointment to Fill City Council Seat

BACKGROUND

At the City Council meeting of March 9, 2017, the Council agreed to accept applications to fill Council Member Baumann's vacant City Council seat until April 3, 2017. Staff advertised the City Council vacancy in the Santa Ynez Valley News and posted the Application for Appointment on the City's website and at City Hall.

Staff received three applications from the following Buellton residents:

- Dave King
- Fred Luna
- Marcilo Sarquilla

If an applicant is chosen, he will be sworn in prior to the April 27th Council meeting. The appointment term expires December 13, 2018.

FISCAL IMPACT

The appointment process will have no fiscal impact on the City.

RECOMMENDATION

That the City Council conduct applicant interviews and consider appointment to the City Council with the term of office expiring December 13, 2018.

ATTACHMENTS

Attachment 1 - Applications for Appointment to City Council

Received

MAR 16 2017

CITY OF BUELLTON



APPLICATION FOR APPOINTMENT TO CITY COUNCIL

Application Deadline – Monday, April 3, 2017 at 5:00 p.m.

Name: DAVID E. KING

Address: 363 QUAIL RUN RD., BUELLTON CA 93427

Phone Number(s): 805 451-9494

Email Address: SKYKING10688@HOTMAIL.COM

Employer: RETIRED CHP OFFICER

Occupation: RETIRED

How long have you been a resident of the City of Buellton? 13 YRS.

Have you worked for the City of Buellton or are you related to any City Employee or City Official? If so, please explain: FORMER VICE MAYOR

Are you a registered voter in the City of Buellton? YES

Please provide education, work experience, and training background:

AA DEGREE MESA COLLEGE, COMPLETED JR. YEAR CAL STATE SAN BERNARDINO (POL SCIENCE) 25 YEARS CHP OFFICER CPR INS. WEAPONS OFFICER, PUBLIC AFFAIRS, CERT. PUBLIC INSTRUCTOR

Please list community and/or volunteer activities and personal interests:

ASST. FUND RAISING SANTA YNEZ HIGH SCHOOL - WATER POLO, GOLF, PHOTOGRAPHY, MULTI ENGINE PILOT.

Signature of Applicant

Date 3/16/17

For more information regarding the City Council, please reference Buellton Municipal Code Chapter 2.04 City Council Meetings are held on the second and fourth Thursdays of each month beginning at 6:00 p.m. in the City Council Chambers City of Buellton employees are not eligible for appointment.



APPLICATION FOR APPOINTMENT TO CITY COUNCIL

Application Deadline – Monday, April 3, 2017 at 5:00 p.m.

In Essay Format

Please Answer the Following Questions:

DAVE KING'S RESPONSES:

1. What do you believe are the most important issues facing the City of Buellton? Ensuring Buellton maintains economic stability while maintaining its small-town character.
2. What would be your recommended approaches to resolving the most important issues facing the City of Buellton? Buellton must keep aware of managed growth and not allow itself to build relentlessly without consideration of overtaxing infrastructure. Land use must be kept in the vein of small town charm, not over building for the sake of revenue.
3. Describe your position on future growth and economic development in the City of Buellton. Future growth should be managed with the consideration of current residence in mind. Most of the people deciding to live in Buellton came here because of the friendly atmosphere and ease of travel. Densely packed multi-unit developments has been the down fall and many communities across The United Stated. Allowing four story apartment complexes brings frustration, crime and a lack of security to a community. All of us have been to large cities that has taken 20-30 minutes to drive a mere 5 miles. It is the responsibility of your elected leaders and city managers to carefully consider future growth that does not drive out its current residents. Economic growth can be managed with the encouragement of local development, with a priority of property rights and eclectic charm. Many communities jump on the chance to foster national chains that undermined the "mom and pop," charm of locally owned businesses. It is easy to be seduced by the financial power of corporate businesses, and have the face of your community look like the next town over. Buellton should never consider a, "cut and paste," approach to future development. It is naive to think your city can survive without any nationally owned businesses. However, local community businesses should not be driven out of business by the purchasing power of a chain.
4. Are you familiar with the City's 2025 General Plan, the draft Avenue of Flags Specific Plan, and the Community Design Guidelines? How will you ensure that the goals, programs, and policies of these documents are implemented? As a former Vice Mayor for The City of Buellton, I am aware of the General Plan and the continuing update on the plans for Avenue of the Flags. Working with concerned citizen groups and the city

manager can and should produce and thoughtful and managed plan for future development. Ave of Flags should be a walkable, family friendly place that does not overwhelm you with limited parking and traffic congestion. Community guidelines should consider a small-town atmosphere with a *theme* of development for the Avenue of Flags rather than hodgepodge of dissimilarity.

5. Describe how your education and experience would benefit you as a Council Member. My education and experience as a former councilmember has proven in many cases, that I thoroughly inform myself with a multitude of issues. I always came to council meeting with a complete understanding of the agenda facing the city. I never hesitated to research and draw knowledge from the city staff, of community members. If selected to return to the council, I continue to perform in an educated and concerned manner.



Received
APR 03 2017
CITY OF BUELLTON

APPLICATION FOR APPOINTMENT TO CITY COUNCIL
Application Deadline – Monday, April 3, 2017 at 5:00 p.m.

Name: FRED LUNA

Address: 215 KIM SUE LN.

Phone Number(s): 805-456-9362

Email Address: fredluna80@gmail.com

Employer: Santa Barbara County Association of Governments

Occupation: Principal Transportation Engineer

How long have you been a resident of the City of Buellton? 19 years

Have you worked for the City of Buellton or are you related to any City Employee or City Official? If so, please explain: No

Are you a registered voter in the City of Buellton? Yes

Please provide education, work experience, and training background:
I work as an engineer for regional government agency responsible for delivering large, complex transportation projects.

I have done this for my entire 28 year career. I have a B.S. in Civil Engineering. I also worked in the private sector for 17 years.

Please list community and/or volunteer activities and personal interests:
I have volunteered as a coach for Pony League baseball and league commissioner. Also was on board for local cub scouts. Was on the Buellton Visioning Committee and chaired two focus committees.

Fred Luna
Signature of Applicant

3/31/2017
Date

For more information regarding the City Council, please reference Buellton Municipal Code Chapter 2.04 City Council Meetings are held on the second and fourth Thursdays of each month beginning at 6:00 p.m. in the City Council Chambers City of Buellton employees are not eligible for appointment.

City of Buellton
Application for City Council
Candidate: Fred Luna

1. What do you believe are the most important issues facing the City of Buellton?

I think two of the most important issues that Buellton faces going forward is to restore community connectivity as a result of two major transportation networks running through our city and how recent in-fill development has put stress on those networks. Buellton has the economic fortune to be at the cross roads of Highway 101 and Route 246, which result in visitors and travelers using services within our community, and adding to the economic health, but at the same time these routes create conflict points to our community to support quality of life goals, such as active transportation, use and access to our parks, making trips for services other than in a car. I believe the community is excited to see a broader variety of services and stores and recreation opportunities, but those only can reach their full potential for enjoyment through ease of use and access.

2. What would be your recommended approaches to resolving the most important issues facing the City of Buellton?

Because of the issues cited above and the fact that the highways are owned and operated by Caltrans, a positive and goal oriented relationship with Caltrans is paramount. The City has become more successful in recent years in working with Caltrans on smaller ventures. Mayor Sierra has established a relationship with Caltrans and continuing this is important. However, the overall vibrancy of the city and resolving connectivity require more work. This could include taking a more active role in reviewing Caltrans own visioning for Highway 101 and Highway 246 through the area, documented in their Transportation Concept Reports. If it is not a line with Buellton's own vision, which is documented in the Visioning goals and processes, and communicating that vision where it intersects with Caltrans' planning. Perhaps some type of planning workshop with City and Caltrans staff would be one way to do this.

3. Describe your position on future growth and economic development in the City of Buellton.

First of all I think the issue of future growth should give thanks to previous efforts which limited growth beyond our urban growth boundary around 10 years ago. This previous effort resulted in what I believe would be a more focused planning approach to in-fill development, new services, housing needs while balancing that with maintaining the character of Buellton within the Santa Ynez Valley. The City has been working diligently with this implementation over the years, and as the economy has improved new projects have been and will continue to be proposed that will test our focus. I do not see the need for economic development at odds with this focused planning approach I described previously, though I have heard some want to implement dramatic changes to our downtown at the behest of luring more development. The balance of the two is the key. Any economic development approach should not be

City of Buellton
Application for City Council
Candidate: Fred Luna

implemented without considering the potential change to the quality of life currently enjoyed by residents and within the character of Buellton as a whole.

4. Are you familiar with the City's 2025 General Plan, the draft Avenue of Flags Specific Plan, and the Community Design Guidelines? How will you ensure that the goals, programs, and policies of these documents are implemented?

I am more familiar with the Avenue of the Flags specific plan and the Community Design Guidelines. I participated on the Visioning process that the City conducted which resulted in the design guidelines and process to be used. I was satisfied with the results which limited choices in design aesthetics, provided guidance to developers for projects, and implemented a process by which to conduct the review of projects. Regarding the Avenue of Flags, I concur with the notion that an improvement plan is needed for Avenue of Flags, but have some concerns about some of the ideas being discussed, in particular reduction to one lane of traffic with what is planned as more intensive uses and destinations. I could see without proper channelization for turning movements, this could bog down and I understand the City has completed or is in the process of a traffic study for this area. In some ways, it all starts with the exit at Ave of Flags southbound at 101, which is a high speed exit that funnels traffic onto one lane currently, which without proper design and planning could bring more issues with additional parking and ingress/egress based on future development.

5. Describe how your education and experience would benefit you as a Council Member?

I earned a Bachelor's of Science degree at Cal Poly San Luis Obispo in Civil Engineering and have worked in the transportation industry and public works for my entire 28 year career. I have worked in both the private and public sector so I understand that interface between public-private partnerships which are needed to effectuate smart development. I currently work for the Santa Barbara County Association of Governments as a principal transportation engineer and am charged with implementing regional highway projects across Santa Barbara County through which I have developed good relationships with Caltrans District 5, and local agencies. At this critical point of development and growth for the City of Buellton, my experience and pragmatism will benefit the City.

APR 03 2017

CITY OF BUELLTON



APPLICATION FOR APPOINTMENT TO CITY COUNCIL
Application Deadline – Monday, April 3, 2017 at 5:00 p.m.

Name: Marcilo Sarquilla

Address: 380 Oak Tree Way, Buellton, CA 93427

Phone Number: (805) 451-7574

Email Address: msarquill@gmail.com

Employer: City of Lompoc

Occupation: Systems Analyst

How long have you been a resident of the City of Buellton? Since February 1994 (23 years)

Have you worked for the City of Buellton or are you related to any City Employee or City Official? If so, please explain: No

Are you a registered voter in the City of Buellton? Yes

Please provide education, work experience, and training background:

- Graduated from Chula Vista High School in 1968
- Attended several colleges for Computer Systems and Programming from 1969 - 2010
- Worked for the Service Bureau Corporation from 1970 to 1974 as a Tape Librarian and Computer Operator
- Worked for National Cash Register (NCR) from 1986 to 1994 as a Systems Analyst (Bank Processing Systems)
- Worked for County of Santa Barbara from 1994 to 2004 as a Systems Analyst (Tax System, Collection Systems, Retirement System, Public Guardian/Administrations, Veteran Services, and Network and hardware administration)
- Currently working at the City of Lompoc from 2006 to the present as the lead Systems Administrator, primarily with the City's Payroll System

Please list community and/or volunteer activities and personal interests:

- Board Member – Buellton Union School District School Board – 1999 to present
- Commissioner – City of Buellton Parks Commission – 2014
- Member and President – City of Lompoc Employees Development Association – 2010 to present

Signature of Applicant

Date

3-31-17

For more information regarding the City Council,
Please reference Buellton Municipal Code Chapter 2.104
City Council Meetings are held on the second and fourth Thursdays
Of each month beginning at 6:00 p.m. in the City Council Chambers
City of Buellton employees are not eligible for appointment.



APPLICATION FOR APPOINTMENT TO CITY COUNCIL
Application Deadline – Monday, April 3, 2017 at 5:00 p.m.

In Essay Format
Please Answer the Following Questions:

1. What do you believe are the most important issues facing the City of Buellton?

I believe that the most important issues facing Buellton are education, safety, and community character. I wouldn't have spent nearly 20 years on the Buellton Union School District (BUSD) school board, if I didn't believe that providing Buellton's kids with the finest educational opportunities possible is vital to making Buellton one of the best communities in the nation. Ensuring that the children in our community have access to a quality education and enriching recreational opportunities supports Buellton's high quality of life and attracts families to our community. A second important issue facing the City of Buellton is the safety of residents and visitors. After events last year where a man was hit and tragically died walking across Route 246, safety has been at the forefront of community concerns. As that particular event occurred within 50 yards of my own home, safety in Buellton is something that personally concerns me as well. In addition to safety on our roadways, being prepared as a community for emergency situations is an important issue facing Buellton. There are only two major roadways serving Buellton, Route 246 and Highway 101. If these roadways are affected, it is important that the community is prepared and can support itself, in the event of a natural disaster. Lastly, one of the biggest issues that was raised during the development of the General Plan was community character. In particular, the question, "How do we maintain Buellton's small town character." While I am not opposed to economic development, how we balance the community's vision for Buellton and goals for redevelopment and economic growth is an important issue facing our community.

2. What would be your recommended approach to resolving the most important issues facing the City of Buellton?

As a member of the school board, I have seen the City effectively support the BUSD. In the past, the City and the BUSD have successfully partnered to create and run the Buellton Recreation Center. As a member of the City Council, I would like to see the City and the BUSD continue to have a successful relationship because it is an important part of ensuring the community has access to quality educational and recreational opportunities.

In addition, from safe routes to schools to improving lighting on Route 246, I believe in supporting programs that directly affect the safety of our residents. Regarding safety issues, the City's 2025 General Plan has clear policies and actions. The Safety Element details important policies related to flooding, wildfire, and earthquakes. As a council member, I would like to track and report to the community the actions that the City is taking to address natural hazards. For example, recent flooding at La Pita Place, Second Street, and Ireland Drive remind residents of flooding that occurred in the 1990s. I think it is important to let the community know what the City has done to implement the priorities of the General Plan to reduce flooding impacts and to investigate whether those actions are enough. Regarding emergency preparedness, I see the Community Emergency Response Team (CERT) program that currently exists in Buellton, and which I am a member, as implementation of the General Plan's commitment to community-based emergency response and inter-governmental cooperation. As a council member, I would like to see more support of this program and programs like it.

Lastly, as a council member, I think the right approach to maintaining Buellton's community character is to implement the General Plan and Community Design Guidelines. I see the policies, goals, and actions of the General Plan as reflective of the community's vision to balance small town character with economic growth. My goal as a council member will be to ensure that new development and redevelopment is held to these adopted policies and standards.

3. Describe your position on future growth and economic development in the City of Buellton.

My position on the future growth and economic development is to continue to support the implementation of the Buellton 2025 General Plan and the Community Design Guidelines. I believe that both the General Plan and the Design Guidelines are reflective of how the community would like to grow and I believe my role on the Council is to support the community's vision. Through the General Plan, the community has expressed that maintaining Buellton's small town character is important. As a council member, I will support zoning, policies, ordinances, and regulations that maintain that vision for Buellton. For example, the General Plan included an action to consider an ordinance that creates disincentives for big box stores, such as limits to retail size or sales volume caps, in order to protect Buellton's small town character. I would support investigating such an ordinance and implementing it, if necessary.

4. Are you familiar with the City's 2025 General Plan, the draft Avenue of the Flags Specific Plan, and the Community Design Guidelines? How will you ensure that the goals, programs, and policies of these documents are implemented?

As demonstrated in my previous responses, I am familiar with the City's 2025 General Plan, the Community Design Guidelines, and the Avenue of the Flags Specific Plan. I will ensure that adopted plans and guidelines are implemented by considering every decision I make as a council member in light of these plans' goals, programs, and policies. I believe these plans are reflective of the community's vision and so it is incumbent upon council members to reflect on these plans when they make decisions and to solicit community input throughout the process. As a member of the Parks and Recreation Commission, I helped prioritize the feedback on recreational opportunities gathered from the community during the visioning process, and this list of projects was recommended to the City Council. I would use this experience turning community engagement into policy recommendations to ensure that the goals, programs, and policies of adopted plans are implemented consistent with the community's vision.

Furthermore, my track record as a BUSD school board member shows that I work to implement programs identified in the General Plan. As a board member, I supported development of solar facilities at both schools, which is in support of energy programs emphasized in the General Plan (Energy Resources Programs 22 and 23). In 2014, the BUSD Solar Installation Project saved \$75,000 on the first year of operation, and an average of \$127,726 annually or \$ 3.8 million over 30 years. This project was funded by Measure V2012, and with a project budget of \$1.8 million, the payback is 18 years. As a council member, I will track alternative energy innovations in finance and technology, and inform residents about new developments, which is in support of General Plan Action 7.2.6. Track County progress in developing the Energy Efficiency Improvement Financing Program for home solar energy installations.

5. Describe how your education and experience would benefit you as a Council Member.

I have been a member of the BUSD School Board for nearly 20 years. The BUSD manages a six million dollar budget and the Santa Ynez Valley Special Education Consortium. The BUSD is the second largest employer in the Santa Ynez Valley, second only to the Chumash Hotel and Casino. During my time as a board member, we worked with the community to successfully purchase land from the Williams Ranch and build a second school, Oak Valley Elementary. As a Council Member, I would build on this experience engaging with the community to facilitate the development of important public projects. In addition, as a member of the board, we worked in partnership with the City of Buellton to build the Buellton Recreation Center, which includes a gymnasium, exercise/weight room, activity/meeting rooms, and full kitchen. Both the second elementary school and the recreation center came together on time and on budget. I would bring both my experience ensuring that projects stay on time and on budget, and my ability to work collaboratively with community organizations to the City Council.