



November 3, 2025

Subject: Audit Services Request for Proposal

The Los Angeles, Orange, San Bernardino, and San Diego Local Agency Formation Commissions (LAFCO) are seeking proposals from qualified independent Certified Public Accounting firms to audit the financial statements of each LAFCOs for the fiscal years ending June 30, 2026, June 30, 2027, June 30, 2028, and June 30, 2029. An option to extend the contract for two additional one-year extensions will be considered for firms preparing a superior response.

LAFCOs are state-mandated local governmental agencies charged with the responsibility of making difficult decisions on proposals for new cities, special districts, spheres of influence, and annexations. Each county in California is required to have a LAFCO. Los Angeles, Orange, San Bernardino, and San Diego LAFCOs each have an 11 to 15 member Commission. Each of the LAFCOs employs between 4 to 8 full-time staff members.

If your firm is interested in being considered for this opportunity, please submit a reproducible digital copy of a proposal, following the instructions described in the attached Request for Proposal (RFP), no later than December 3, 2025. If you have any questions regarding the RFP, please do not hesitate to contact me by email at aromo@lalafco.org or by phone at (626) 204-6500.

Sincerely,

A handwritten signature in blue ink that reads "Adriana Romo".

Adriana Romo
Deputy Executive Officer, LA LAFCO

**LOS ANGELES, ORANGE, SAN BERNARDINO AND SAN DIEGO
LOCAL AGENCY FORMATION COMMISSIONS**

**REQUEST FOR PROPOSAL
FOR AUDIT SERVICES
~2025~**

I. OBJECTIVE

The Los Angeles, Orange, San Bernardino and San Diego Local Agency Formation Commissions (LAFCO) are seeking proposals from qualified independent Certified Public Accounting firms to audit the financial statements of each respective LAFCO named in this RFP for the fiscal years ending June 30, 2026, June 30, 2027, June 30, 2028, and June 30, 2029. An option to extend the contract for an additional one year will be considered for firms preparing a superior response. An individual audit report would be prepared for each of the four years – one for Los Angeles LAFCO, one for Orange LAFCO, one for San Bernardino LAFCO, and one for San Diego LAFCO.

II. BACKGROUND

Following the end of World War II, California entered a new era of demographic growth and diversity, and economic development. With this growth came the need for housing, jobs, and public services. To provide these services, California experienced a wave of newly formed cities and special districts, but with little forethought as to how the new agencies should plan for services. The lack of coordination and adequate planning for future governance led to a multitude of overlapping, inefficient jurisdictional and service boundaries.

In 1963, the State Legislature created Local Agency Formation Commissions (LAFCOs) to help direct and coordinate California's growth in a logical, efficient, and orderly manner. Each county within California is required to have a LAFCO. LAFCOs are charged with the responsibility of making difficult decisions on proposals for new cities and special districts, spheres of influence, consolidations, and annexations.

A. LAFCO Commission Composition and Staffing

Orange and San Bernardino LAFCO have a similar composition of their commission, consisting of the following: two members are from the respective county's Board of Supervisors; two members are elected officials from cities within each county; two members are elected officials representing special districts located within each county; and one member is selected as a public at-large member. Each category has one alternate member, bringing each respective Commission to 11 members.

The Los Angeles LAFCO Commission composition consists of the following: two members are from the respective county's Board of Supervisors; two members are elected officials from cities within the county; one member is an elected official from the City of Los Angeles; two members are elected officials representing special

districts located within the county; one member is selected as a public at-large member; and one member is selected to represent the San Fernando Valley. Each category has one alternate member, resulting in a total number of Commissioners to 15.

The San Diego LAFCO Commission composition consists of the following: two members are from the respective county's Board of Supervisors; two members are elected officials from cities within the county; one member is an elected official from the City of San Diego; two members are elected officials representing special districts located within the county; one member is selected as a public at-large member. Each category has one alternate member, resulting in a total of 13 Commissioners.

Each LAFCO has a staff comprised of an Executive Officer, project managers/analysts, and support staff. Each of the LAFCOs employs between 4 to 8 full-time staff members. All five LAFCOs utilize consultant assistance on a limited basis to supplement staff efforts.

B. Funding for LAFCOs

In 2000, the State Legislature signed into a law the Cortese-Knox-Hertzberg Local Government Reorganization Act which provided more independence for LAFCOs and changed the way LAFCOs are funded. Previously, LAFCOs were entirely funded (staffing, facilities, etc.) through their respective counties. Beginning January 1, 2001, State Law requires that LAFCOs be independent of their respective counties, and requires that LAFCO's beneficiaries, the county, cities, and special districts, equally share in the funding of LAFCO's budgetary costs.

1. Los Angeles, Orange, San Bernardino and San Diego LAFCO Budgets

Operating budgets for the five LAFCOs range from approximately \$1.3 million to \$3.2 million (Based on FY 2025-26 Budgets). Funding for LAFCO operations is equally shared by the county, the cities and the independent special districts located in each county. Although the counties contribute one-third of the LAFCO funding, LAFCO is an independent agency and its budget is not subject to county approval or oversight. Due to available cost saving opportunities, each LAFCO has entered into various contractual arrangements with their respective county as well as private vendors to provide certain services for LAFCO, including: office facilities, insurance, banking/investments, purchasing, internal auditing and employee benefits. LAFCOs also participate in the following retirement systems for pension benefits: Los Angeles in the Los Angeles County Employees' Retirement Association (LACERA), Orange in the Orange County Employees' Retirement System (OCERS), San Bernardino in the San Bernardino County Employees' Retirement Association (SBCERA), and San Diego in the San Diego County Employees Retirement Association (SDCERA)

III. CONTRACT SERVICES

A. Contract Work

The contract is described in the *Scope of Work* enclosed with this RFP as **Exhibit A**. The work includes completion of a four individual audit reports for Los Angeles, Orange, San Bernardino, and San Diego LAFCO for FYs 2025-26, 2026-27, 2027-28, and 2028-29. The audits are to be conducted in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the State Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

IV. COST

Proposers shall complete the Pricing Sheet (**Exhibit C**) which identifies the total of all charges to complete each Task required under the Contract. LAFCO reserves the right to negotiate the terms, conditions, and prices of the final Contract, in its sole discretion, to achieve the most beneficial work plan and price. LAFCO may limit the negotiation, if any, to one or more responsive and responsible Proposers who receive the highest scores in a preliminary scoring of Proposers in accordance with the evaluation criteria set forth in *Section IX. Submission*. The negotiation with the Proposer(s) will not result in a change in the rating of the Proposer, LAFCO may, at its sole discretion, begin Contract negotiations with the next highest rated Proposer who submitted a Proposal, as determined by LAFCO.

V. PROJECT SCHEDULE

Time is of essence. Proposers shall submit, as part of its Proposal, a timeline with completion dates, which includes time for review by the four participating LAFCOs for the Los Angeles, Orange, San Bernardino, and San Diego counties, for each Task (Project Schedule). The final Project Schedule for the contract work may be negotiated with the Proposer selected for the work prior to an agreement being recommended to each respective Commission for adoption. The enclosed Project Schedule (**Exhibit C**) must be completed and submitted with the response to this Proposal to be considered complete and responsive. The Project Schedule must identify all Tasks clearly; however, it may be modified by Proposers only if needed to include the completion of more detailed subtasks.

VI. PROPOSAL SUBMISSION

A. Acceptance or Rejection of Proposals

The participating LAFCOs: Los Angeles, Orange, San Bernardino, and San Diego reserve the right to reject any or all Proposals that are considered nonresponsive. The participating LAFCOs further reserve the right to cancel this Request for Proposals at any time. The participating LAFCOs will not be liable for any costs incurred by any proposers in connection with the preparation and submittal of their Proposal, including where a Proposal is rejected, or the solicitation is cancelled.

B. Altering Solicitation Document

The wording of the solicitation document shall not be changed. Any additions, conditions, limitations, or provisions inserted by the Proposer will render their Proposal irregular and may cause its rejection as nonresponsive.

C. Pass/Fall Review: Proposals not meeting all requirements listed below may be rejected as nonresponsive:

Submit a Proposal by the deadline. The proposal must be time stamped by LAFCO no later than **Wednesday, December 3, 2025**, and/or emailed by the deadline. Any Proposal without a LAFCO time stamp or email confirmation verifying that the deadline for submission has been met will be rejected.

Submit a Proposal in the form described in Paragraph D below, including but not limited to the Work Plan, Pricing Sheet, and Project Schedule.

Proposer meets all of the following Minimum Requirements to be considered:

1. The firm's licensing, independence with respect to LAFCO, and results of the most recent peer review.
2. Proposer or the Lead Professional(s) including Partner, Manager, and Senior Auditor assigned to manage the Contract work must demonstrate project oversight responsibilities for at least three audits performed for three different public agencies in the past five years.
3. Proposer or the Lead Professional(s) assigned to manage the Contract work demonstrate familiarity with LAFCOs and public agency audits.
4. Proposer must demonstrate a thorough understanding of current Governmental Accounting Standards Board (GASB) pronouncements. The audit team shall be proficient in applying the most recent GASB statements, interpretations, and implementation guidance relevant to governmental financial reporting. The proposal should describe how the firm ensures its staff remain current with evolving GASB standards, including training, continuing professional education (CPE), and internal quality control processes. The selected firm will be expected to advise the entity on the impact of new GASB standards during the engagement and incorporate applicable changes into the audit approach and reporting.
5. Prior experience of the engagement team in the implementation of GASB No. 87 and 101.

6. Proposer or the Lead Professional managing the Contract work must demonstrate experience presenting to governing bodies at public meetings in the past three years.

D. Proposal Format and Content: The Proposal must contain the following information and be presented in an organized fashion.

- a. Work Plan – Proposal must comprehensively describe in detail how the Proposer will meet the requirements of the Scope of Services (Exhibit A). The Work Plan shall include a staffing plan that clearly identifies the Lead Professional(s) responsible for managing the Contract work and any additional staff who will be performing the day-to-day work, including subcontractors and the estimated work hours for each. Note that the Work Plan may identify potential time and cost saving measure(s) proposed to complete the work.
- b. Experience –Proposal must also describe relevant experience and/or familiarity with local governments’ financial statements, including, but not limited to LAFCOs. The Experience section of the Proposal should describe the Proposer’s history as well as the competencies and resumes of the Lead Professionals, staff, and subcontractors who will be involved in the Contract work. This section of the Proposal should include the following:
 - i. Experience of the firm auditing California agencies;
 - ii. Experience performing governmental financial statements and audits;
 - iii. Familiarity with Annual Comprehensive Financial Reports (ACFRs);
 - iv. Ability to facilitate and synthesize input from various stakeholders;
 - v. Ability to interpret various budget documents;
 - vi. Ability to interpret various pension documents, including but not limited to Alternative Measurement Methods and Actuarial Valuation Reports;
 - vii. Familiarity with public input processes and experience handling the presentation and dissemination of public information for review and comment;
 - viii. Experience presenting to governing bodies at public meetings.
- c. Subcontracting – LAFCO seeks diverse, broad-based participation in its contracting. Subcontractors, if any, shall be subject to all requirements set forth in the RFP that are applicable to the Contractor. If Subcontractors are to be employed, Proposer must submit a statement of their proposed assignments, qualifications, experience, staffing, and availability.
- d. References –Provide a list of at least three (3) client references, preferably from government agencies. The reference list should include the client’s/agency’s name, address, telephone number, email address, and location.

- e. Prior Audits Performed – Provide any relevant website links for audits prepared by the Proposer and Lead Professional(s) (i.e.: Partner, Manager, and Senior Auditor) to include:
 - i. The date and agency for whom the Audited Financial Statements were prepared;
 - ii. The affected agency and fiscal year financial statements were reviewed;
 - iii. The outcome of the Audited Financial Statements (Firm’s recommendation).
- f. Project Schedule – Proposals shall contain the Project Schedule (Exhibit B), which shows the overall timeline for completion of each work Task.
- g. Cost/Pricing – Proposals must include a Pricing Sheet (Exhibit C) that lists each firm professional working on the Contract work, the estimated number of work hours corresponding to each professional, and the billable hourly rate.
- h. Pricing Sheet (Exhibit C) – This must also include all costs required for a complete product, including all administrative costs and out-of-pocket expenses incurred by the firm, if any (i.e.: mileage, copies, postage, etc.)

VII. Notice to Proposers Regarding the Public Records Act

1. Responses to this solicitation shall become the exclusive property of each respective LAFCO participating in this RFP process. Absent extraordinary circumstances, the recommended Proposer’s Proposal will become a matter of public record, when the Proposer recommendation appears on each respective LAFCO’s agenda. Exceptions to disclosure are those parts or portions of the Proposals that are justifiably defined as business or trade secrets and plainly marked by the Proposer as “Trade Secret,” “Confidential,” or “Proprietary.”
2. LAFCO shall not, in any way, be liable or responsible for the disclosure of any such record or any parts thereof, if disclosure is required or permitted under the California Public Records Act or otherwise by law. A blanket statement of confidentiality or the marking of each page of the Proposal as confidential shall not be deemed as a sufficient exemption. The Proposers must specifically label only those provisions of their respective Proposal submission as “Proprietary.”

VIII. Conflict of Interest

There shall be no Conflict of Interest with the Contractor firm selected. Proposers warrant and covenant that no official or employee of LAFCO, nor any business entity in which an official of any of the participating LAFCOs has an interest, has been employed or retained to solicit or aid in the procuring of the resulting contract, nor that any such person will be employed in the performance of such contract without immediate divulgence of such fact

to LAFCO. Proposers will notify LAFCO of any potential conflict of interest regarding their work or the work performed by third-party contractors.

IX. Submission

QUESTIONS:

Questions to the RFP should be directed to Adriana Romo at aromo@lalafco.org. To ensure a response, questions must be received no later than **Friday, November 14, 2025**. All questions and responses will be posted to each participating LAFCOs respective websites by **Friday, November 21, 2025**:

Los Angeles LAFCO: <https://lalafco.org/>

Orange LAFCO: <http://oclafco.org/>

San Bernardino LAFCO: <http://www.sbclafco.org/>

San Diego LAFCO: <https://www.sdlafco.org/>

SUBMISSION:

Responses to this RFP must be received no later than the date and time specified below. Proposals received after the due date will not be accepted. No additional time will be granted to any Proposer to submit a Proposal unless the time is extended by LAFCO through an addendum to this RFP.

DUE DATE:

On or before **Wednesday, December 3, 2025.**

NUMBER OF COPIES:

1 complete digital copy, OR

If delivering in person or by mail: 1 original hard copy (unbound)

DELIVER OR EMAIL TO: *(Email submittal is preferred.)*

LAFCO Staff designated by the four participating LAFCOs:

Adriana Romo, Deputy Executive Officer

Local Agency Formation Commission for Los Angeles County

80 South Lake Avenue, Suite 870

Pasadena, CA 91101

Email: aromo@lalafco.org

Note: If you choose to submit a hard copy of your proposal, please email the LAFCO representative listed above to coordinate the submittal of your proposal. If a Proposal is submitted electronically, please provide a complete reproducible copy by the due date and time. *Cost for the preparation of Proposals shall be borne by the proposers.*

Selection Process

LAFCO reserves the sole right to judge the contents of the Proposals submitted pursuant to this RFP and to review, evaluate and select the successful Proposal(s). Each responsive Proposal will be evaluated and scored by an evaluation committee selected by LAFCO. The top Proposers will be selected for an interview (in-person or virtual). **Final selection by each respective Commission is anticipated in early 2026.**

A. Award of Contract

Subject to the right of each respective Commission to make the ultimate decision concerning the award of contracts, LAFCO intends to award a Contract to the highest-rated Proposer, based on the criteria identified in the section below. Evaluation Criteria, whose Proposal provides the most beneficial program and price with all other factors considered. LAFCOs retain the right to select a Proposal other than the Proposal receiving the highest number of points, if the participating LAFCOs determine in their sole discretion, another Proposal is the most qualified, cost-effective, responsive, responsible, and in the best interest of the respective LAFCOs. The recommended awardee shall submit copies of its proof of insurance coverage, within 14 days after Commission approval of the proposed Contract or at least 14 days prior to the proposed Contract's start date, whichever occurs last. Work under the proposed Contract cannot begin before proof of valid insurance coverage is submitted to LAFCO.

A Professional Services Agreement template is enclosed which will be used as a reference/sample agreement. Each respective LAFCO will have its own contract form/template tailored to each LAFCO's requirements.

B. Evaluation of Proposal

1. LAFCOs in their sole discretion, may elect to waive any error or informalities in the form of a Proposal or any other disparity, if, as a whole, the Proposal substantially complies with the RFP's requirements.
2. LAFCOs may utilize the services of appropriate experts to assist in the evaluation process.
3. **EVALUATION CRITERIA (MAXIMUM 20 POINTS)**
(Rating Scale of 1 to 5, 5 being the highest. Sections ii. Work Plan and iii. Qualifications will represent 80% of the weight of the evaluation criteria. The Project Schedule and Cost will be assigned the remaining 20%, equally).

i. COST (5 POINTS):

The proposed cost in the Pricing Sheet (Exhibit C) should accurately reflect the Proposer's cost of providing the required products and services, as well as any

profit expected during the Contract term. The maximum fee for the audit of each LAFCO should be provided in the Pricing Sheet format.

Evaluators may provide higher points based on the following criteria:

- a. Completion of the Pricing Sheet (Exhibit C).
- b. Most economical service for the best work plan submitted.
- c. Potential cost-saving alternatives.
- d. Maximum Contract Sum.

ii. WORK PLAN (5 POINTS):

Proposers will be evaluated on the Work Plan submitted as part of the Work Plan. The evaluators may give reduced scores to any Work Plan that omits or fails to sufficiently address any of the items specified in *Section VI. Proposal Submission* of the RFP or that fails to clearly identify the Lead Professionals: Partner, Manager, Senior Auditor, and/or subcontractors and the number of estimated work hours for the Lead Professional(s). Evaluation and scoring of the Proposer's Work Plan will be based on the extent to which it demonstrates the Proposer is likely to meet or exceed the performance requirements set forth in *Exhibit A, Scope of Services*, to demonstrate creativity and innovation that exceed the minimum requirements of the Scopes of Services; to render timely and responsive service to the participating LAFCOs; and to provide a professional level of quality in the services and work product. The highest scores will be awarded to the most comprehensive and detailed Work Plans that are likely to lead the Proposer to exceed minimum requirements.

The evaluators will award higher scores to Work Plans that commit to specific staffing levels that exceed the requirements of the work. Evaluators may provide higher points based on the following criteria:

- a. Availability of Lead Professional(s) including Partner, Manager, and Senior Auditor as well as other staff, and subcontractors, if any.
- b. Organization of Work Plan and Proposal.
- c. Thoroughness of approach to conducting the audit of LAFCO.
- d. Demonstration of understanding of the objectives and scope of the audit.

iii. QUALIFICATIONS AND EXPERIENCE OF PROPOSER, LEAD PROFESSIONAL(S) AND STAFF (5 POINTS):

Proposers will be evaluated on the Experience submitted as part of their Proposal. The evaluators may give reduced scores to any Proposer that omits or fails to sufficiently address any of these items specified in *Section VI. Proposal Submission* of the RFP. Failure to demonstrate the minimum lengths of experience performing the service, as indicated in the Minimum Requirements, may result in rejection of the Proposal as non-responsive.

The evaluators may award higher points for the higher quality and quantity of experience of the Proposer, its Lead Professional(s), manager, staff, and subcontractors, if any, in providing the required services. Greater weight will be given to services provided to agencies of similar size and nature. Evaluators may provide higher points base on the following criteria:

- a. The firms' licensing, independence with respect to LAFCO and results of the most recent peer review (mandatory requirement).
- b. Qualifications of key staff, including the Lead Professional (i.e.: Partner, Manager, Senior Auditor) who will serve LAFCO.
- c. Familiarity with the implementation of current General Accounting Standards Boards (GASB) procurements.
- d. Experience preparing audits for local municipalities.
- e. Reference of local government clients. A minimum of three client references must be provided. Proposer listing government agencies as references may be rated higher.
- f. Capabilities in general consulting and compliance auditing.
- g. Experience presenting to governing bodies.

iv. PROJECT SCHEDULE (5 POINTS):

Evaluators may provide higher points based on the following criteria:

- a. Completion of Project Schedule (**Exhibit B**).
- b. Approach, Scope and Timing of the Audit.
- c. Provide sufficient detail to the firm's approach to the LAFCO audit.
- d. Provide sufficient information of firm's understanding of the objective and scope of the engagement.

v. LAFCO Contact

Firms are encouraged to contact Adriana Romo, Deputy Executive Officer, LAFCO, with any questions relating to this RFP or for copies of the LAFCOs' previous audits. Ms. Romo can be reached most easily by email at aromo@lalafco.org.

vi. LAFCO Information

For general information about each participating LAFCO, refer to the following websites:

Los Angeles LAFCO: <https://lalafco.org/>

Orange LAFCO: <http://oclafco.org/>

San Bernardino LAFCO: <http://www.sbclafco.org/>

San Diego LAFCO: <https://www.sdlafco.org/>

EXHIBIT A—SCOPE OF WORK

I. SCOPE OF THE WORK TO BE PERFORMED AND STANDARDS TO BE FOLLOWED

Los Angeles, Orange, San Bernardino, and San Diego LAFCO desire its General Purpose Financial Statements (GPFS) to be prepared by Independent Auditors and be fully compliant with GASB No. 102 through 104 and any other GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal years ending June 30, 2026, 2027, 2028, and 2029.

The proposer must demonstrate a thorough understanding of current Governmental Accounting Standards Board (GASB) pronouncements. The audit team shall be proficient in applying the most recent GASB statements, interpretations, and implementation guidance relevant to governmental financial reporting. The proposal should describe how the firm ensures its staff remain current with evolving GASB standards, including training, continuing professional education (CPE), and internal quality control processes. The selected firm will be expected to advise the entity on the impact of new GASB standards during the engagement and incorporate applicable changes into the audit approach and reporting.

The following is a summary of the scope of the audit of LAFCO for the previous fiscal years:

1. The audit firm will perform an audit of all funds of LAFCO. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The Audit will be in full compliance with GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal year being audited. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the agency.
2. The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control that are considered to be non-reportable conditions.

Each LAFCO staff will provide normal cooperation and assistance during the audit including typing of confirmation requests, referral to the appropriate person and/or department for supporting documents and reconciliations of major asset and liability balances. Each LAFCO will have the option to prepare the MD&A and transmittal letters based on a template supplied by the audit firm or have the audit firm prepare the MD&A on behalf of management. The format of supporting documents provided by LAFCO is at the discretion of each LAFCO. All other information and financial statements are the responsibility of the audit firm.

All working papers and reports are to be retained at the auditors' expense for a minimum of three years. The audit firm will be responsible for making working papers available to each LAFCO or any other appropriate government agency.

II. TIMETABLE OF DELIVERABLE REPORTS

The audit firm shall be responsible for the preparation and word processing of the following financial statements:

<u>Report Description</u>	<u>Number of Copies</u>	<u>Due date</u>
General Purpose Financial Statements (GPFS)	1 digital copy	Between October 15 th and December 30 th of every year

A draft copy of each financial statement should be delivered to the LAFCO Executive Officer for review approximately 21 days prior to the deadlines noted above. Deadlines for delivery of draft and final financials statements may vary for each LAFCO referenced in this request for proposal and would be specified in the contract between the firm selected and each LAFCO.

This information should be included in Exhibit C.

III. TIMETABLE OF AUDIT WORK TO BE PERFORMED

It is expected that LAFCO's books will be closed and ready for audit between August 1st and September 30th of each year depending on practices of each LAFCO for that year. The audit fieldwork should begin no earlier than the date of the closing of the books and be complete in time to meet the respective LAFCO's annual deadlines. Generally, Los Angeles and Orange LAFCOs schedule their annual audits to their respective Commission in November of every year; San Bernardino LAFCO January of every year, and San Diego LAFCO before the close of the following fiscal year. At the discretion of each LAFCO, the appropriate staff from the audit firm may be requested to present audit report to the Commission during a public meeting.

A few of the participating LAFCOs have the same meeting schedule. Please describe your best approach to address the time conflict.

IV. PROPOSAL CONTENT REQUIREMENTS

The following material is requested to be received by the proposal due date or the firm will not be considered:

1. **Title Page** - The title page shall show the proposal subject, the firm's name and contact person and the firm's California CPA License Number and firm's Federal Identification Number.
2. **Cover Letter** - The cover letter should briefly state the proposer's understanding of the work to be performed, the commitment to perform the work in the required time frame and statements as to why the firm believes it is best qualified to perform the engagement. The cover letter should also make a statement that the firm's offer is a firm, irrevocable offer for 60 days. The cover letter should indicate whether the firm is independent with respect to LAFCO and that the firm is an Equal Opportunity Employer.
3. **Table of Contents**
4. **Proposer's Qualifications** - The audit firm should set forth the following:
 - A. **Qualifications and Related Experience of the Personnel Who Will Serve LAFCO** - Resumes of the Partner, Manager and Senior Auditor should be included. Resumes should include all relevant experience, education and CPA licenses and continuing education of the individuals over the past 3 years.
 - B. **Prior Experience Auditing Cities, Independent Special Districts and Other Local Governments** - Sufficient information should be provided regarding current local government audit clients, and date that the client has been served. Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards.
 - C. **Understanding of current Governmental Accounting Standards Board (GASB) pronouncements** - The proposer must demonstrate a thorough understanding of current Governmental Accounting Standards Board (GASB) pronouncements. The audit team shall be proficient in applying the most recent GASB statements, interpretations, and implementation guidance relevant to governmental financial reporting. The proposal should describe how the firm ensures its staff remain current with evolving GASB standards, including training, continuing professional education (CPE), and internal quality control processes. The selected firm will be expected to advise the entity on the impact of new GASB standards during the engagement and incorporate applicable changes into the audit approach and reporting.
 - D. **References of Local Government Clients** – Provide a list of municipal clients the firm's local office currently serves. A minimum of three client references must be provided. Proposer listing government agencies as references may be rated higher.
 - E. **Capabilities in General Consulting and Compliance Auditing** - Provide any other information regarding general consulting and special audits provided by the firm.

5. Approach, Scope and Timing of the Audit

- A. **Provide in sufficient detail the firm's approach to LAFCOs' audits**, including procedures to be performed, tasks to be accomplished under GASB 102-104 as well as other applicable GASB pronouncements, tasks required as a part of the A-133 single audit, extent to which statistical sampling is to be used in the engagement, type and extent of use of software in the audit engagement, analytical procedures that may be used, the approach to be taken to gain and document an understanding of LAFCO's internal control structure, the approach to be taken in drawing audit samples for purposes of compliance testing, the consideration of laws and regulations, assistance required from LAFCO staff and proposed segmentation of the audit. Segmentation of the audit should include breakdown of hours required to perform the audit by classification and in total for the planning and interim, GASB pronouncements implementation, final audit procedures including CAFR and reports preparation.
- B. **Provide sufficient information of your firm's understanding of the Objectives and Scope of the Engagement** - Specifics should be provided of the auditing standards to be followed and reports to be issued by the audit firm.

6. Hourly Rates

Hourly Rates of the Firm's Employees should be provided by the firm for services which may be requested outside the scope of the audits in **Exhibit C—Pricing Sheet**.

7. Maximum Fee

The maximum fee for the audit of each LAFCO should be provided in the Pricing Sheet format. The fees should be inclusive of any out-of-pocket expenses incurred by the audit firm. All proposals shall contain provisions to the effect that in the event that extraordinary circumstances warrant more intensive and detailed services beyond those in the contractual agreement, the firm shall provide in writing and in advance, reasons for the additional services together with the firm's estimate of costs, as a statement that no work will be performed without advance approval by each individual LAFCO. Any and all additional work as agreed to in advance by LAFCO shall be compensated at the same rate quoted in the schedule submitted in the proposal.

8. Other Information Required in Proposal

The Auditing Firm shall provide a copy of its most recent Peer Review together with the California Society of CPA's acceptance of such peer review. The auditing firm shall make a positive statement that it has the required insurance policies in force in amounts of coverage for not less than \$1,000,000 per occurrence or accident for each of the following: Professional Liability (Errors & Omissions), Workers Compensation and Employer's Liability, Comprehensive General Liability and Bodily Injury Insurance, and

Automobile Liability (Owned and Non-Owned) and Property Damage Insurance. Prior to any commencement of audit services, the auditor will be required to provide certificates of insurance coverage to LAFCO.

The auditing firm shall make a positive statement that it will not delegate or subcontract its responsibilities without prior written consent of LAFCO.

EXHIBIT B—PROJECT SCHEDULE

LOS ANGELES

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	
Kickoff Meeting	Intro. Firm staff to LAFCO	
Management Engagement Letters	Made available to LAFCO Staff	
PBC List Distribution	Made available to LAFCO Staff	
Fieldwork	On-site/Remote	
Draft Audit for Staff		
Auditor revising document		
Final Audit for Commission		
Commission Meeting		

ORANGE

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	
Kickoff Meeting	Intro. Firm staff to LAFCO	
Management Engagement Letters	Made available to LAFCO Staff	
PBC List Distribution	Made available to LAFCO Staff	
Fieldwork	On-site/Remote	
Draft Audit for Staff		
Auditor revising document		
Final Audit for Commission		
Commission Meeting		

SAN BERNARDINO

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	
Kickoff Meeting	Intro. Firm staff to LAFCO	
Management Engagement Letters	Made available to LAFCO Staff	
PBC List Distribution	Made available to LAFCO Staff	
Fieldwork	On-site/Remote	
Draft Audit for Staff		
Auditor revising document		
Final Audit for Commission		
Commission Meeting		

SAN DIEGO

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	
Kickoff Meeting	Intro. Firm staff to LAFCO	
Management Engagement Letters	Made available to LAFCO Staff	
PBC List Distribution	Made available to LAFCO Staff	
Fieldwork	On-site/Remote	
Draft Audit for Staff		
Auditor revising document		
Final Audit for Commission		
Commission Meeting		

EXHIBIT C—PRICING SHEET

LAFCO	Description of Services	Estimated Hours	Year Ended June 30				1-yr option to extend
			2026	2027	2028	2029	
<u>1. Los Angeles</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures, audit preparation and management letter.						
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.						
Maximum Not to Exceed Amount							
<u>2. Orange</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures, audit preparation and management letter.						
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.						
Maximum Not to Exceed Amount							
<u>3. San Bernardino</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures, audit preparation and management letter.						
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.						
Maximum Not to Exceed Amount							
<u>4. San Diego</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures, audit preparation and management letter.						
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.						
Maximum Not to Exceed Amount							

Hourly Rates:

Classification	Hourly Rate	LA Estimated No. of Hours	OC Estimated No. of Hours	SB Estimated No. of Hours	SD Estimated No. of Hours
Partner					
Manager					
Senior Auditor					
Senior Accountant					
Staff Accountant					
Total					

EXHIBIT D
Professional Service Agreement
Between the Local Agency Formation Commission for the [REDACTED] and
CONTRACTOR NAME

This Agreement is, made and entered into this ____ day of _____, 20125, by and between CONTRACTOR NAME (herein referred to as "Contractor"), and the Local Agency Formation Commission for the County of [REDACTED], (herein referred to as "LAFCO" or "Commission").

WITNESSETH

FIRST: The Contractor, for the consideration hereinafter set forth and the acceptance by the Commission of the Contractor's Proposal filed with LAFCO on Month Day, YEAR, hereby agrees to provide services as described in this Contract for _____.

SECOND: This Agreement, together with the Request for Proposals and the Contractor's Proposal (by reference) including its Exhibit A, Scope of Services, Exhibit B, Project Schedule, Exhibit C, Pricing Sheet, and accompanying Terms and Conditions (Attachment 1) are agreed by LAFCO and the Contractor to constitute the Contract.

THIRD: LAFCO agrees, in consideration of satisfactory performance of the foregoing services in strict accordance with the Contract specifications to the satisfaction of LAFCO's Executive Officer or Deputy Executive Officer, to pay the Contractor pursuant to the Pricing Sheet set forth in the Proposal, an amount not to exceed the Maximum Contract Sum of \$ _____. Notwithstanding the foregoing, LAFCO shall have no obligation to purchase any specified amount of service or products.

FOURTH: This Contract's initial term shall be for a period of one year commencing upon execution by LAFCO and Contractor. LAFCO shall have the sole option to renew this Contract term on a month to month basis, for up to six months, until the necessary Contract work is completed. LAFCO, acting through the Executive Officer, may give a written notice of intent to renew this Contract at least ten days prior to the end of any term. The Executive Officer may provide a written notice of nonrenewal at least ten days before the last day of any term, in which case this Contract shall expire as of midnight on the last day of that term.

FIFTH: The Contractor shall bill monthly in arrears, for the work performed during the preceding month. Work performed shall be billed at the hourly rates quoted in the Proposal's Pricing Sheet (Attachment 2).

SIXTH: LAFCO will make payment to the Contractor within 30 days of receipt and approval of a properly completed and undisputed invoice. Each invoice shall itemize the work completed. The invoices shall be submitted to:

Local Agency Formation Commission

SEVENTH: In no event shall the aggregate total amount of compensation paid to the Contractor exceed the amount of compensation authorized by the Commission. Such aggregate total amount is the Maximum Contract Sum.

EIGHTH: The Contractor understands and agrees that only the designated Executive Officer or Deputy Executive Officer are authorized to request or order work under this Contract. The Executive Officer or Deputy Executive Officer are not authorized to request or order any work that would result in the Contractor earning an aggregate compensation in excess of this Contract's Maximum Contract Sum.

NINTH: The Contractor shall not perform or accept work requests from the Executive Officer or Deputy Executive Officer or any other person that will cause the Maximum Contract Sum of this Contract to be exceeded. The Contractor shall monitor the balance of this Contract's Maximum Contract Sum. When the total of the Contractor's paid invoices, invoices pending payment, invoices yet to be submitted, and ordered services reaches 75 percent of the Maximum Contract Sum, the Contractor shall immediately notify LAFCO in writing. The Contractor shall send written notification to the Executive Officer when this Contract is within sixty days from expiration of the initial term as provided for hereinabove.

TENTH: No Cost-of-Living Adjustment shall be granted for this Contract.

ELEVENTH: In the event that terms and conditions, which may be listed in the Contractor's Proposal, conflict with LAFCO'S specifications, requirements, and terms and conditions as reflected in this Contract, LAFCO's provisions shall control and be binding.

TWELFTH: This Contract constitutes the entire agreement between LAFCO and the Contractor with respect to the subject matter of this Contract and supersedes all prior and contemporaneous agreements and understandings. This Contract may be signed by the parties hereto in separate counterparts, each of which shall be deemed an original. All counterparts, taken together, constitute the executed Agreement. The Contract may modify only in writing by the parties.

The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, used in connection with the execution of this Agreement and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Agreement had been delivered and had been signed using a handwritten signature. Contractor and County (i) agree that an electronic signature, whether digital or encrypted, of a party to this Agreement is intended to authentic this writing and to have the same force and effect as a manual signature, (ii) intend to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive an defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature. If this Agreement has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (E-SIGN) and California Uniform Electronic Transactions Act (UETA)(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, e-mail or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN an UETA with respect to this transaction.

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IN WITNESS WHEREOF, LAFCO has, by order of its Commission, caused these presents to be subscribed by the Executive Officer, and the Contractor has subscribed its name by and through its duly authorized officers, as of the day, month and year first written above.

LAFCO
Local Agency Formation Commission

CONTRACTOR
CONTRACTOR NAME

Print Name:
Title: Executive Officer
Date:

Print Name:
Title:
Date:

APPROVED AS TO FORM:

CONTRACTOR
CONTRACTOR NAME

NAME
Counsel

Print Name:
Title: Secretary
Date:

By _____
Title

Attachment 1
STANDARD TERMS AND CONDITIONS PERTAINING TO
CONTRACT ADMINISTRATION

1. Hold Harmless/Indemnification

1.1 Contractor shall indemnify and hold harmless LAFCO, its Commissioners, officers, employees, agents and representatives, (individually and collectively referred to as "Indemnitees"), from any liability whatsoever, based or asserted upon any services provided by Contractor, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Contract, including but not limited to property damage, bodily injury, or death or any other injury of any kind or nature whatsoever. This indemnification obligation includes, but is not limited to, Contractor being required to pay for all costs and fees including, but not limited to, attorneys' fees, costs of investigation, defense and settlements or awards incurred or anticipated to be incurred by LAFCO in connection with any such claim or action. Contractor shall defend, at its sole expense, with counsel reasonably acceptable to the Indemnitees, all Indemnitees in any claim or action described herein. The obligations of this section shall survive the termination of this Contract.

1.2 The specified insurance limits required in this Contract shall in no way limit or circumscribe Contractor's obligations to indemnify and hold harmless LAFCO from third party claims.

2. Waiver Of Default

Any waiver by LAFCO of any breach of any one or more of the terms of this Contract shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term hereof. Failure on the part of LAFCO to require exact, full and complete compliance with any terms of this Contract shall not be construed as in any manner changing the terms hereof, or estopping LAFCO from enforcement thereof.

2. Termination/Suspension

2.1. LAFCO may terminate this Contract and/or the Executive Officer may suspend this Contract without cause upon 30 days written notice served upon Contractor stating the extent and effective date of termination or suspension.

- 2.2.** Notwithstanding the foregoing, LAFCO may, upon five (5) days written notice, suspend or terminate this Contract for Contractor's default, including by not limited to, if Contractor materially breaches this Contract, refuses or fails to comply with the provisions of this Contract or fails to make progress so as to endanger performance and does not cure such failure within a reasonable period of time. In the event of such termination, LAFCO may proceed with the work in any manner deemed proper to LAFCO.
- 2.3.** After receipt of the Notice of Termination or Suspension pursuant to paragraph 2.1 or 2.2 above, Contractor shall:
- a.) Complete only those items of work which are at various stages of completion if directed to do so by the Executive Officer and shall stop all work under this Contract on the date specified in the Notice of Termination.
 - b.) Transfer to LAFCO and deliver in the manner, and to the extent, if any, as directed by LAFCO, any information, data or reports prepared by Contractor under this Contract which shall be delivered to LAFCO upon request and shall become the property of LAFCO.
- 2.4.** After termination or suspension of the Contract pursuant to this section, LAFCO shall make payment for all services performed in accordance with this Contract and the Notice of Suspension or Termination. Contractor shall have no claim against LAFCO for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration, suspension or other termination of this Contract. This provision shall survive the expiration, suspension or termination of this Contract.
- 2.5.** The rights and remedies of LAFCO provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

3. Disputes

Except as otherwise provided in this Contract, any dispute concerning a question of fact arising under this Contract shall be decided by the Executive Officer who shall furnish the decision in writing. The decision of the Executive Officer shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith. Contractor shall proceed diligently with the performance of the Contract work pending the Executive Officer's decision.

4. Amendments/Change Order

Modifications or changes to the Scope of Services or this Contract may only be made by written amendment or change order to this Contract signed by the Executive Officer and Contractor.

5. Independent Contractor

5.1 Contractor is, for purposes of this Contract, an independent Contractor and shall not be deemed an employee of LAFCO. It is expressly understood and agreed that Contractor shall in no event, as a result of this Contract, be entitled to any benefits to which LAFCO employees are entitled, including but not limited to overtime, any retirement benefits, worker's compensation benefits, and injury leave or other leave benefits. Contractor hereby holds LAFCO harmless from any and all claims that may be made against LAFCO based upon any contention by any third party that an employer-employee relationship exists by reason of this Contract. The employees or agents of each party shall not be construed to be the employees or agents of the other party for any purpose whatsoever. Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work under this Contract, all compensation and benefits. Contractor agrees that all persons performing work are, for purposes of Worker's Compensation liability, solely employees of Contractor and not employees of LAFCO.

5.2 It is further understood and agreed by the parties hereto that Contractor, in the performance of its obligations herein, is subject to the control or direction of LAFCO merely as to the result to be accomplished by the work hereunder agreed to be rendered and performed and not as to the means and methods for accomplishing the results.

5.3 Contractor shall provide and maintain, throughout the term of this Contract, their own workplace, tools, equipment, and supplies necessary to perform the duties set forth under this Contract. Notwithstanding the foregoing, LAFCO may, in its sole discretion, and with its prior written consent, provide access to LAFCO facilities, offices, or meeting rooms during regular work hours for meetings, conferences, or other work of Contractor.

5.4 Contractor has the right to perform services for other clients during the term of this Contract as long as such services are not in direct conflict with the services provided to LAFCO.

6. Subcontract For Work Or Services

No Contract shall be made by Contractor with any party for furnishing any of the work or services herein contained without the prior written approval of the Executive Officer but this provision shall not require the approval of Contracts of employment between Contractor and personnel assigned for services hereunder, or for parties named in the proposal and agreed to under this Contract.

7. Interest Of Contractor

Contractor covenants that it presently has no interest, including but not limited to, other projects or independent Contracts, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Contract. Contractor further covenants that in the performance of this Contract, no person having any such interest shall be employed or retained by it under this Contract.

8. Conduct Of Contractor

- 8.1. Contractor agrees to inform LAFCO of all Contractor's interest, if any, which are or which Contractor believes to be incompatible with any interest of LAFCO.
- 8.2. Contractor shall not, under circumstances, which might reasonably be interpreted as an attempt to influence the Contract work, or to accept any gratuity or special favor from individuals or organizations with whom Contractor is doing business or proposing to do business, in accomplishing the work under the Contract.
- 8.3. Contractor or employees thereof shall not offer gifts, gratuity, favors and/or entertainment directly or indirectly to LAFCO employees or to any employees of the affected cities in accomplishing the Contract work.

9. Disallowance

In the event Contractor receives payment for services under this Contract which is later disallowed for nonconformance with the terms and conditions herein by LAFCO, Contractor shall promptly refund the disallowed amount to LAFCO on request, or at its option, LAFCO may offset the amount disallowed from any payment due to Contractor under any Contract with LAFCO.

10. Governing Law; Jurisdiction; Severability

This Contract and its construction and interpretation as to validity, performance and breach shall be construed under the laws of the State of California. Any legal action related to this Contract shall be filed in the Superior Court of the State of California located in Los Angeles, California. In the event any provision in this Contract is held by a court of competent jurisdiction to be invalid, void, or

unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

11. Insurance Requirements

Without limiting or diminishing Contractor's obligation to indemnify or hold LAFCO harmless, Contractor shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Contract:

A. Workers' Compensation

If Contractor has employees as defined in the State of California, Contractor shall procure and maintain for the life of the Contract, Worker's Compensation Insurance covering all employees with limits meeting all applicable state and federal laws. This coverage shall also include Employer's Liability with limits all applicable to state and federal laws. As mandated by California State Law, the Contractor shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. The policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than **\$1,000,000** per person per accident. The policy shall be endorsed to waive subrogation in favor of LAFCO, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

B. Commercial General Liability

The Contractor shall procure and maintain for the life of the Contract Commercial General Liability insurance coverage, including but not limited to, premises liability, Contractual liability, products and completed operations liability, personal and advertising injury covering claims which may arise from or out of Contractor's performance of its obligations hereunder. The policy shall name LAFCO, its Commissioners, officers, employees, agents and representatives as Additional Insureds. Policy's limit of liability shall not be less than **\$1,000,000** per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Contract or be no less than two (2) times the occurrence limit.

C. Vehicle Liability

If Contractor's vehicles or mobile equipment are used in the performance of the obligations under this Contract, then Contractor shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than **\$1,000,000** per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Contract work or be no less than two (2) times the occurrence limit. The policy shall name LAFCO, its Commissioners, officers, employees, agents and representatives as Additional Insureds.

D. Professional Liability Insurance

The Contractor shall procure and maintain for the life of the Contract Professional Liability Insurance providing coverage for Contractor's performance of Contract work, with a limit of liability of not less than **\$1,000,000** per occurrence and **\$2,000,000** annual aggregate. If Contractor's Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Contract and Contractor shall purchase at their sole expense either 1) an Extended Reporting Endorsement (also known as Tail Coverage); or 2) Prior Dates Coverage from new insurer with a retroactive date back to the date of, the commencement of this Contract; or 3) demonstrate through Certificates of Insurance that Contractor has maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2) or 3) will continue for a period of five (5) years beyond the termination of this Contract.

Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an AM BEST rating of not less than A: VII (A:8) unless such requirements are waived, in writing, by LAFCO. If LAFCO waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

E. General Insurance Provisions - All lines

- 1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by LAFCO. If LAFCO waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.
- 2) Contractor's insurance carrier(s) must declare its insurance deductibles or self-insured retentions. If such deductibles or self-insured retentions exceed \$500,000 per occurrence

such deductibles and/or retentions shall have the prior written consent of the LAFCO before the commencement of operations under this Contract. Upon notification of deductibles or self-insured retention's unacceptable to LAFCO, and at the election of LAFCO, Contractor's carriers shall either; 1) reduce or eliminate such deductibles or self-insured retention's as respects this Contract, or 2) Contractor or their carrier shall procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

- 3) Contractor shall cause Contractor's insurance carrier(s) to furnish LAFCO with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, or 2) if requested to do so orally or in writing by LAFCO, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to LAFCO prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Contract shall be terminated or suspended forthwith, unless LAFCO receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Contractor shall not commence operations until LAFCO has been furnished and approved original Certificate(s) of Insurance and certified original copies of endorsements or policies of insurance including all endorsements and any and all other attachments as required in this Section.
- 4) It is understood and agreed to by the parties hereto and the insurance company(s), that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary insurance, and LAFCO'S insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.
- 5) LAFCO'S Reserved Rights--Insurance. If, during the term of this Contract or any extension thereof, there is a material change in the scope of services; LAFCO reserves the right to adjust the types of insurance required under this Contract and the monetary limits of

liability for the insurance coverage's currently required herein, if in LAFCO's reasonable judgment, the amount or type of insurance carried by Contractor has become inadequate.

- 6) Contractor shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Contract.

12. Licensing And Permits

12.1 Contractor shall be licensed, if required, in accordance with the laws of this State and if not so licensed is subject to the penalties imposed by such laws.

12.2 Contractor further warrants that it has all necessary permits, approvals, certificates, waivers and exemptions necessary for the provision of services hereunder and required by the laws and regulations of the United States, State of California, the County of Los Angeles and all other appropriate governmental agencies, and shall maintain these throughout the term of this Contract.

14. Contractor's Responsibility

14.1 It is understood that Contractor has the skills, experience and knowledge necessary to perform the services agreed to be performed under this Contract, and that LAFCO relies upon Contractor's representations about its skills, experience and knowledge to perform Contractor's services in a competent manner. Acceptance by LAFCO of the services to be performed under this Contract does not operate as a release of said Contractor from responsibility for the work performed.

14.2 It is further understood and agreed that Contractor is apprised of the Scope of Services, EXHIBIT A, to be performed under this Contract and Contractor agrees that said work can and shall be performed in a fully competent manner.

15. Ownership of Contract Materials

15.1 Contractor and LAFCO agree that all materials including, but not limited to, designs, specifications, techniques, plans, reports, deliverables, data, photographs, diagrams, maps, images, graphics, text, videos, advertising, software, source codes, website plans and designs, interactive media, drafts, working papers, outlines, sketches, summaries, edited and/or unedited versions of deliverables, and any other materials or information developed under this Contract and any and all Intellectual Property rights to these materials, including any copyrights, trademarks, service marks, trade secrets, trade names, unpatented inventions, patent applications, patents, design rights, domain rights, know-how, and any other proprietary rights and derivatives thereof, is and shall be the sole property of LAFCO (hereafter

collectively, "LAFCO Materials"). Contractor hereby assigns and transfers to LAFCO all Contractor's right, title, and interest in and to all such LAFCO Materials developed under this Contract.

15.2 Notwithstanding such LAFCO ownership in the LAFCO Materials, Contractor may retain possession of working papers and materials prepared by Contractor under this Contract. During and for a minimum of five years subsequent to the term of this Contract, LAFCO shall have the right to inspect any and all such working papers and materials, make copies thereof and use the working papers and materials and the information contained therein.

16. Non-Discrimination & Equal Opportunity

Contractor shall be an equal opportunity employer that does not discriminate in the provision of services, allocation of benefits, accommodation in facilities, or employment of personnel on the basis of ethnic group identification, race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status or sex in the performance of this Contract; and, to the extent they shall be found to be applicable hereto, shall comply with the provisions of the California Fair Employment and Practices Act (commencing with Section 1410 of the Labor Code), the Federal Civil Rights Act of 1964 (P.L. 88-352), and the Americans with Disabilities Act of 1990 (42 U.S.C. 51210 et seq.) and all other applicable laws and regulations.

17. Assurances

Contractor will comply with all applicable LAFCO policies and procedures. In the event that the policies and procedures promulgated by LAFCO are more restrictive, but not in conflict with Federal or State policies and procedures, those issued by LAFCO will prevail.

18. Records and Documents

Contractor shall make available, upon written request by LAFCO and any duly authorized Federal, State or County agency, a copy of this Contract and such books, documents and records as are necessary to certify the nature and extent of the costs of the services provided by Contractor. All such books and records shall be maintained by Contractor for at least five years from the termination of this Contract and be available for audit by LAFCO. Contractor shall provide LAFCO with reports and information relative to this Contract and in accordance with terms set forth herein, as requested by LAFCO.

19. Confidentiality

CONTRACTOR shall maintain the confidentiality of all records obtained from LAFCO under this Contract in accordance with all applicable Federal, State, and local laws, ordinances, regulations, and

directives relating to confidentiality. In addition, the Contractor shall maintain strict privacy of all LAFCO records, data and files (regardless of media), including any copyrighted material received from LAFCO.

20. Administration/Contract Liaison

The Executive Officer, or designee, shall administer this Contract on behalf of LAFCO.

21. Notices

All correspondence and notices required or contemplated by this Contract shall be delivered to the respective parties at the addresses set forth below and are deemed submitted one day after their deposit in the United States mail, postage prepaid:

Local Agency Formation Commission for
the County _____
Attn: _____, Executive Officer
Street Address
City, State, Zip

Contractor
Attn: Name _____
Principal/President
Street Address
City, State, Zip

22. Force Majeure

22.1 In the event Contractor is unable to comply with any provision of this Contract due to causes beyond their control such as acts of God, acts of war, civil disorders, or other similar acts, Contractor shall not be held liable to LAFCO for such failure to comply.

22.2 In the event LAFCO is unable to comply with any provision of this Contract due to causes beyond its control, such as acts of God, acts of war, civil disorders, or other similar acts, LAFCO shall not be held liable to Contractor for such failure to comply.

23. Mutual Cooperation

LAFCO agrees to cooperate with Contractor in Contractor's performance of services for LAFCO under this Contract, including providing Contractor with reasonable facilities and timely access to LAFCO data, information and personnel. LAFCO shall be responsible for the performance of its employees and agents and for the accuracy and completeness of all data and information provided to Contractor.

24. EDD Reporting Requirements

In order to comply with child support enforcement requirements of the State of California, LAFCO may be required to submit a Report of Independent Contractor(s) form DE 542 to the Employment Development Department.

It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders and for no other purposes and will be held confidential by those agencies. Failure of Contractor to timely submit the data and/or certificates required may result in Contract being awarded to another Contractor. In the event a Contract has been issued, failure of Contractor to comply with all federal and state reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignments Orders and Notices of Assignment shall constitute a material breach of the Contract. Failure to cure such breach within 60 calendar days of notice from LAFCO shall constitute grounds for termination of the Contract.

If you have any questions concerning this reporting requirement, please call (916) 657-0529. You may also contact your local Employment Tax Customer Service Office listed in your telephone directory in the State Government section under "Employment Development Department," or you may access their Internet site at www.edd.gov.