

City of La Palma

Agenda Item No. 5



MEETING DATE: December 1, 2015
TO: CITY COUNCIL
FROM: CITY MANAGER
SUBMITTED BY: Laurie A. Murray, City Manager
AGENDA TITLE: Agreement for Financial Services

RECOMMENDED ACTION:

It is recommended that the City Council approve and authorize the Mayor to execute an agreement with Governmental Financial Services for financial consulting services.

BACKGROUND:

The City has a current contract for services with Government Financial Services for ongoing financial services with a cap of \$25,000. Those services include financial reporting, reviewing journal entries, and preparing bank reconciliations. The new agreement adds an additional \$60,000 for additional services required during the recruitment for an Administrative Services Director.

SUMMARY:

With the current vacancy of the Administrative Services Director position, there is a need for additional financial and administrative services during the recruitment period. Government Financial Services has been providing financial services to La Palma as needed since 2001. The company is owned by Julie Matsumoto and Michael Matsumoto.

Julie Matsumoto, a Certified Public Accountant, has been preparing the City's State Controller report for many years and in the last year and a half increased her hours to provide financial reporting, review of journal entries, and preparing the City's bank reconciliations. Julie's prior experience includes being the Accounting Manager for the Orange County Sanitation District from 1999 to 2007 and as an auditor from 1990 to 1999.


Michael Matsumoto, also a Certified Public Accountant, will provide about 20 additional hours of consulting services per week during the recruitment of an Administrative Services Director. Michael has 24 years of experience in local government, most recently as the Assistant City Manager/Finance Director for Pico Rivera and prior to that as the Finance Director for South Gate and as an Interim Finance Director for Lake Forest. Prior to his work in the public sector, Michael was an auditor, auditing municipalities.

Services included in the expanded scope of work include: evaluation of the effectiveness and efficiency of the municipal financial activities, operations, and programs; provision of management consultant services to the City Manager and senior management; a variety of finance and accounting services to assist the City in recording and maintaining the general ledger; review of the Accounts Payable and Payroll processes (City Staff will need to perform the final approvals); various monthly activities including: journal entries – prepare some journal entries and review (not approve) journal entries prepared by City staff; prepare the monthly bank reconciliation; prepare the monthly and quarterly financial reports; prepare the quarterly Treasurer's report; provide guidance to City staff in performing their duties; and such other duties and functions as requested.

FISCAL IMPACT:

Funding for the contract extension is available from the Fiscal Services, Professional Contract Services budget and from salary savings associated with the Administrative Services Director vacancy.

APPROVED:



City Manager

Attachment: 1. Proposed Agreement

**PROFESSIONAL CONSULTING SERVICES AGREEMENT
BETWEEN CITY OF LA PALMA AND GOVERNMENT FINANCIAL SERVICES
FOR CONSULTING SERVICES RELATED TO THE EFFECTIVENESS AND
EFFICIENCY OF THE CITY'S FINANCIAL ACTIVITIES**

THIS AGREEMENT is made and entered into on December 1, 2015, by the CITY of La Palma, a municipal corporation, (hereinafter referred to as "CITY") and Governmental Financial Services (hereinafter referred to as "CONTRACTOR"), with the principal place of business at 3972 Barranca Parkway, Suite J411, Irvine, CA 92606 with said CONTRACTOR'S business license issued in Irvine, California.

ARTICLE 1

TERM AND EFFECTIVE DATE OF AGREEMENT

1.0 This agreement shall become effective on December 1, 2015, and shall remain in effect until July 31, 2016.

1.1 All parties agree the CITY is under no obligation to use the services of the CONTRACTOR during the term of this agreement. CITY does not guarantee CONTRACTOR will work a certain number of hours or be offered a certain number of work projects.

ARTICLE 2

RIGHT TO CANCEL

2.0 Either party may cancel this agreement with or without cause, by giving the other party a fifteen (15) day written notice. Upon cancellation, the CITY will pay the CONTRACTOR for services performed to the date of termination. The parties acknowledge and agree that the right to cancel is a negotiated term of this Agreement and not intended, in any way, to affect the status of CONTRACTOR as an independent CONTRACTOR.

ARTICLE 3

INDEPENDENT CONTRACTOR

3.0 CONTRACTOR agrees that any and all members of the CONTRACTOR'S business are independent CONTRACTOR(s) and no employee-employer, partnership, joint venture, or agency relationship exists between the CONTRACTOR and the CITY. CONTRACTOR enters into this agreement and will remain throughout the term of the agreement as an independent CONTRACTOR. CONTRACTOR agrees it is not and will not become an employee, partner, agent or principal of the CITY while this agreement is in effect solely because of the existence of this agreement. CONTRACTOR agrees he or she is not entitled to the rights and benefits of CITY employees, including disability or unemployment insurance, workers' compensation, medical insurance, sick leave, retirement, or any other employment benefit including benefits under California Public Employees' Retirement System. CONTRACTOR is responsible for providing, at his or her own expense, disability or unemployment and other insurance, workers' compensation, training, permits and licenses for CONTRACTOR and for CONTRACTOR's employees and subcontractors.

ARTICLE 4

**FINANCIAL CONSULTING SERVICES RELATED TO THE EFFECTIVENESS AND
EFFICIENCY OF THE CITY'S FINANCIAL ACTIVITIES**

4.0 SPECIFIC SERVICES

CONTRACTOR agrees to provide evaluation of the effectiveness and efficiency of the municipal financial activities, operations, and programs; to provide management consultant services to the City Manager and senior management; and to provide a variety of finance and accounting services to assist the CITY recording and maintaining the general ledger.

4.1 SCOPE OF SERVICES.

CONTRACTOR agrees to provide the following services:

- (a) Review the Accounts Payable and Payroll processes (City Staff will need to perform the final approvals).
- (b) Various monthly activities including i) Journal entries – prepare some journal entries and review (not approve) journal entries prepared by CITY staff, ii) prepare the monthly bank reconciliation, iii) prepare the monthly and quarterly financial reports, iv) prepare the quarterly Treasurer's report.
- (c) Be available to provide guidance to CITY staff in performing their duties.
- (d) No investment advice or investment services will be provided.
- (e) And other tasks as requested by the CITY.

4.2 STANDARD OF PERFORMANCE

CONTRACTOR represents that each individual who CONTRACTOR utilizes will be a Certified Public Accountant, licensed in the State of California and has the qualifications and skills necessary to perform the services under this Agreement in a competent and professional manner, consistent with industry rules, regulations and standards and the laws of the State of California, without the advice or direction of the CITY. The individuals providing services being licensed Certified Public Accountants is a requirement of this agreement.

4.3 CERTIFICATION OR REGISTRATION

CONTRACTOR agrees that all individuals who provide services to the CITY will maintain certifications as a Certified Public Accountants. CITY may request CONTRACTOR to submit proof of CONTRACTOR's current certifications at any time during the term of the agreement.

4.4 EXPENSES AND TAXES

CONTRACTOR agrees to pay all fees, fines, taxes, or other costs of doing business related to CONTRACTOR's services. CITY will not withhold any taxes for CONTRACTOR. If the Internal Revenue Service or any other Federal or State governmental agency should inquire about CONTRACTOR's status as an independent contractor, CONTRACTOR agrees to inform the CITY and allow the CITY to participate in any discussion or negotiation with agency.

4.5 AVAILABILITY

CONTRACTOR, at CONTRACTOR's sole discretion, will determine whether or not the firm is available to accept a CITY project.

4.6 NON-EXCLUSIVITY

CONTRACTOR is not required to perform services exclusively for the CITY, and, subject to any applicable conflict of interest laws, rules, or procedures of CITY, may perform services for any other person or entity, provided other services do not interfere with the services CONTRACTOR has agreed to provide under this agreement.

4.7 TOOLS, MATERIALS AND EQUIPMENT

CONTRACTOR agrees to supply all tools, materials and equipment required to perform the services under this agreement.

4.8 MEANS, DETAILS AND MEANS OF PERFORMANCE

CONTRACTOR has complete and sole discretion for the manner in which the work under this Agreement will be performed. CONTRACTOR has complete and sole discretion regarding who will perform the services under this agreement.

ARTICLE 5

CONTRACTOR'S COORDINATORS

5.0 CONTRACTOR'S assistants are not authorized to make changes to this agreement.

ARTICLE 6

PAYMENT FOR SERVICES

6.0 Compensation

CONTRACTOR shall provide the services described in this agreement regarding accounting services and shall be compensated at an hourly rate of \$120 per hour. The total compensation under this agreement is not to exceed \$85,000.

ARTICLE 7

SUBMISSION OF INVOICES

7.0 Unless otherwise stated, the CONTRACTOR shall submit invoices no later than thirty (30) days from the end of each month.

7.1 CONTRACTOR shall submit written invoices

7.2 CONTRACTOR's invoice must include the project descriptions.

ARTICLE 8

MISCELLANEOUS PROVISIONS

8.0 WORK PRODUCT

CONTRACTOR hereby agrees that all work products produced pursuant to this Agreement, and provided to CITY during and upon completion of this Agreement, shall be the property of the CITY and ownership of said work product shall be retained by the CITY. CONTRACTOR may retain copies and files used in the preparation of any work product; however, the CONTRACTOR shall not distribute the information to anyone unless directed by the CITY.

8.1 REPRESENTATIONS AND WARRANTIES

CONTRACTOR represents and warrants the following statements are true:

- (a) **NO GRATUITIES.** CONTRACTOR has not directly or indirectly offered or given any gratuities (in the form of entertainment, gifts, or otherwise,) to any CITY personnel to secure this agreement or to secure favorable treatment with respect to any determinations concerning the performance of this Agreement.
- (b) **NO CONFLICT OF INTEREST.** CONTRACTOR has no interest that would constitute a conflict of interest.
- (c) **NO INTERFERENCE WITH OTHER AGREEMENTS.** This agreement does not constitute a conflict of interest or default under any other CITY agreement.

- (d) NO LITIGATION. No suit, action, arbitration, or legal, administrative, or other proceeding or governmental investigation is pending or threatened against or affecting CONTRACTOR, CONTRACTOR's business or financial condition, or the services to be performed under this agreement.
- (e) COMPLIANCE WITH LAWS. CONTRACTOR is in compliance with all laws, rules and regulations applicable to CONTRACTOR's business and CONTRACTOR pays all undisputed debts when they come due.
- (f) NON-DISCRIMINATION/NO HARASSMENT. CONTRACTOR does not unlawfully discriminate against any employee or applicant for employment because of age, ancestry, color, creed, disability (mental and physical) including HIV and AIDS, marital and domestic partner status, medical condition, national origin, race, religion, request for family and medical care leave, sex (including gender identity), and sexual orientation. CONTRACTOR does not engage in unlawful harassment, including sexual harassment, with respect to any persons with whom CONTRACTOR may interact with in the performance of this agreement. CONTRACTOR takes all reasonable steps to prevent harassment from occurring.

8.2 CHANGES IN WORK

The CONTRACTOR agrees that any changes, additions, deletions, or modifications to the services provided under this Agreement shall be evidenced by a written amendment as stated.

8.3 LIMITATIONS OF LIABILITY

CITY will not be liable to CONTRACTOR for any indirect, special, or consequential damages, including lost profits or revenue, arising from or relating to this agreement, regardless if the CITY was advised of the possibility of such loss or damage. In no event will the CITY's liability for direct damages arising from or related to this agreement, for any cause whatsoever, and regardless of the form of action, whether in contract or tort, exceed the amounts paid to CONTRACTOR by the CITY under this agreement.

8.4 INDEMNIFICATION

The CONTRACTOR agrees to, and shall defend, indemnify, protect and hold harmless, the CITY, its elected and appointed boards, officers, officials, employees, agents and volunteers from and against any and all claims, demands, lawsuits, defense costs, civil penalties, expenses, causes of action, and judgments at law or in equity, or liability of any kind or nature which the CITY, its elected and appointed boards, officers, officials, employees, agents and volunteers may sustain or incur or which may be imposed upon them for injuries or deaths of persons, or damage to property arising out of CONTRACTOR'S negligence, wrongful act, or omission under the terms of this Agreement.

8.5 INSURANCE COVERAGE

CONTRACTOR shall obtain and maintain during the life of this Agreement all of the following insurance coverage:

- (a) Automobile liability for owned, hired and non-owned vehicles utilized by CONTRACTOR, its employees or subcontractors in the amount of \$100,000 per occurrence; and
- (b) CONTRACTOR shall obtain and maintain during the life of this Agreement Workers Compensation Insurance for its employees and subcontractors (if any).
- (c) Professional liability insurance in the amount of \$1,000,000.

CITY understands that the CONTRACTOR's insurance will not permit the CITY to be a named additional insured party.

8.6 ASSIGNMENT

Neither party may assign its rights or duties under this agreement. This agreement binds the parties as well as their heirs, successors, and assignees.

8.7 CONFIDENTIAL INFORMATION; PUBLICITY

All information disclosed to CONTRACTOR and all information gained while providing services under this agreement should be considered confidential. The CITY owns the confidential information and the CITY authorizes the CONTRACTOR to use it only for purposes of performing this agreement.

8.8 ENTIRE AGREEMENT

This Agreement contains the entire understanding between the CITY and CONTRACTOR. Any prior agreements, promises, negotiations or representations not expressly set forth herein are of no force or effect. Subsequent modifications to this Agreement shall be effective only if in writing and signed by each party. If any term, condition or covenant of this Agreement is held by a Court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall be valid and binding.

8.9. WAIVER

Waiver by any party hereto of any term, condition or covenant of this Agreement shall not constitute the waiver of any other term, condition or covenant hereof.

8.10 GOVERNING LAW

This Agreement shall be interpreted and construed according to the laws of the State of California.

8.11 ATTORNEY'S FEES & COSTS

If litigation is reasonably required to enforce or interpret the provisions of this Agreement, the prevailing party in such litigation shall be entitled to an award of reasonable attorney's fees and costs.

8.12 NOTICE

All notices shall be personally delivered or mailed to the addresses listed below:

Governmental Financial Services
3972 Barranca Parkway, #J411
Irvine, CA 92606

Laurie Murray, City Manager
City of La Palma
7822 Walker Street
La Palma, CA 90623

The parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF LA PALMA

By: _____
Peter L. Kim
Mayor

ATTEST:

Kimberly Kenney
Deputy City Clerk

APPROVED AS TO FORM:

Michelle D. Molko
Assistant City Attorney

CONTRACTOR

By: _____
Michael Matsumoto, C.P.A.
Governmental Financial Services