

**AGREEMENT FOR SERVICES BETWEEN
LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY
AND
DAVIS FARR, LLP**

This Agreement is made and entered into as of July 1, 2021 (“Effective Date”) by and between the Local Agency Formation Commission for San Bernardino County (hereinafter referred to as “LAFCO”), organized and operating pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56000 *et seq.* Davis Farr, LLP (hereinafter referred to as “Consultant”).

RECITALS

- A. LAFCO is a public agency of the State of California and is in need of the following professional services: Audit Services for the fiscal year ending on June 30, 2021, June 30, 2022, June 30, 2023 and June 30, 2024, as more particularly described herein (hereinafter referred to as “the Project”).
- B. Consultant is a qualified independent Certified Public Accounting firm.
- C. The parties desire by this Agreement to establish the terms for LAFCO to retain Consultant to provide the services described herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Services.

Consultant shall provide LAFCO with the services described in the Scope of Services attached hereto as Exhibit “A.” Should LAFCO determine, in its sole discretion, to exercise its option to renew this Agreement for an additional year as set forth in Section 5 of this Agreement, such renewed services shall be performed as described in the Scope of Services attached hereto as Exhibit “A.”

2. Compensation.

a. The total amount paid for services rendered by Consultant pursuant to Exhibit “A” for the audit of the fiscal year ending on June 30, 2021 shall not exceed \$8,300, for the fiscal year ending on June 30, 2022 shall not exceed \$8,450, for fiscal year ending on June 30, 2023 shall not exceed \$8,625, and for fiscal year ending on June 30, 2024 shall not exceed \$8,800 without prior written approval by LAFCO. Should LAFCO, in its sole discretion, exercise its option to renew this Agreement for an additional year as set forth in Section 5 of this Agreement, the total amount paid for services rendered by Consultant pursuant to Exhibit “A” for the audit of the fiscal year ending on June 30, 2025 shall not exceed \$9,000 without prior written approval by

LAFCO. Periodic payments shall be made within 30 days of receipt of a statement for services rendered. Payments to Consultant for work performed will be made on a monthly billing basis.

b. Subject to paragraph 2(a) above, LAFCO shall pay for additional consulting services in accordance with the Schedule of Additional Charges set forth in Exhibit “B.”

c. LAFCO shall reimburse costs advanced by Consultant on LAFCO’s behalf, as well as other expenses, in addition to the amount billed for fees. These currently include, but are not limited to, automobile mileage and actual expenses away from Consultant’s offices on LAFCO business, extraordinary photocopy charges and any costs of producing or reproducing photographs, documents and other things necessary for the preparation or presentation of LAFCO business. All costs will be itemized on LAFCO’s monthly statement. LAFCO shall not pay fees for travel to or from LAFCO’s offices in the ordinary course of business or reimburse mileage to Consultant.

3. Additional Work.

If changes in the work seems merited by Consultant or LAFCO, and informal consultations with the other party indicate that a change is warranted, it shall be processed by LAFCO in the following manner: a letter outlining the changes shall be forwarded to LAFCO by Consultant with a statement of estimated changes in fee or time schedule. An amendment to the Agreement shall be prepared by LAFCO and executed by both parties before performance of such services or LAFCO will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

4. Maintenance of Records.

Books, documents, papers, accounting records and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the Agreement period and for seven (7) years from the date of final payment under the contract for inspection by LAFCO.

5. Term and Time of Performance.

The term of this Agreement shall be from July 1, 2021 to June 30, 2024. In its sole discretion, LAFCO may extend the Services required hereunder to include audit services related to the fiscal year ending on June 30, 2025, in writing providing notice to Consultant that such Services shall be extended for an additional year. Consultant shall perform its services hereunder in a prompt and timely manner, in accordance with the Activity Schedule shown in Exhibit “C” and shall commence performance upon the execution of this Agreement.

6. Delays in Performance.

Neither LAFCO nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited

to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns and other labor disturbances; sabotage or judicial restraint.

Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government.

b. Consultant shall assist LAFCO in obtaining and maintaining all permits required of Consultant by Federal, State and local regulatory agencies.

c. Consultant certifies by executing this Agreement that, on the Effective Date and for the duration of this Agreement, neither Consultant nor its employees assigned to perform services hereunder shall have any prohibited conflict of interest as defined under the California Political Reform Act or conflicting financial interest in this Agreement as defined under California Government Code Section 1090.

d. Consultant agrees that in the event an administrative agency or court of competent jurisdiction finds this Agreement to have been executed or administered in violation of Government Code Section 1090 or any other applicable law, that disgorgement of profits or anything received by Consultant may be required as a consequence of both civil and criminal liability. In such a case, payments made by LAFCO to the Consultant must be returned to LAFCO by the Consultant and no claim for future payments under this Agreement may be made, and LAFCO shall be entitled to retain any benefits which it receives under this Agreement.

8. Standard of Care.

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Subconsultant.

Consultant shall not assign, sublet or transfer this Agreement or any rights under or interest in this Agreement without the written consent of LAFCO, which may be withheld for any reason. Nothing contained herein shall prevent Consultant from employing independent associates and subconsultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor.

Consultant is retained as an independent contractor and is not an employee of LAFCO. No employee or agent of Consultant shall become an employee of LAFCO. The work to be performed shall be in accordance with the work described in Exhibit "A," subject to such directions and amendments from LAFCO as herein provided.

11. Integration.

This Agreement represents the entire understanding of LAFCO and Consultant as to those matters contained herein, and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by both parties hereto. This is an integrated Agreement.

12. Insurance.

a. Commercial General Liability

(1) Consultant shall maintain occurrence version Commercial General Liability Insurance or equivalent form with a combined single limit of not less than \$1,000,000 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than twice the occurrence limit.

(2) All such policies shall name LAFCO, the Commission and each member of the Commission, its officers, employees, agents and LAFCO designated volunteers as Additional Insureds under the policy.

(3) The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by LAFCO.

b. Automobile Liability

(1) At all times during the performance of the work under this Agreement the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for non-owned and hired vehicles, in a form and with insurance companies acceptable to LAFCO.

(2) Coverage for Automobile Liability Insurance shall be at least as broad as Insurance Services Office Form Number CA 0001 (ed. 6/92) covering automobile liability, Code 1.

(3) The automobile liability program may utilize deductibles, but not a self-insured retention, subject to written approval by LAFCO.

(4) All such policies shall name LAFCO, the Commission and each member of the Commission, its officers, employees, agents and designated volunteers as Additional Insureds under the policies.

c. Workers' Compensation/Employer's Liability

(1) At all times during the performance of the work under this Agreement and for 24 months following the date of Project completion and acceptance by LAFCO, the Consultant shall maintain workers' compensation in compliance with applicable statutory requirements and Employer's Liability Coverage in amounts indicated herein.

(2) Such insurance shall include an insurer's Waiver of Subrogation in favor of LAFCO and will be in a form and with insurance companies acceptable to LAFCO

(3) If insurance is maintained, the workers' compensation and employer's liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by LAFCO.

(4) Before beginning work, the Consultant shall furnish to LAFCO satisfactory proof that Consultant has taken out, for the period covered by the work under this Agreement, full compensation insurance for all persons employed directly by Consultant to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof. Consultant shall require all subconsultants to obtain and maintain, for the period covered by the work under this Agreement, workers' compensation of the same type and limits as specified in this Section.

d. Professional Liability (Errors and Omissions).

At all times during the performance of the work under this Agreement the Consultant shall maintain professional liability insurance, in a form and with insurance companies acceptable to LAFCO and in an amount indicated herein.

e. Minimum Policy Limits Required

(1) The following insurance limits are required for the Contract:

	<u>Combined Single Limit</u>
Commercial General Liability	\$1,000,000 per occurrence/aggregate for bodily injury, personal injury and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability	\$1,000,000 per occurrence

Professional Liability
(errors and omissions)

\$1,000,000 per claim and aggregate

f. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with LAFCO evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 2010 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (ACORD Form 25-S or equivalent). All evidence of insurance shall be signed by a properly authorized officer, agent or qualified representative of the insurer and shall certify the names of the insured, any additional primary insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies and the expiration date of such insurance.

g. Policy Provisions Required

(1) All policies shall contain a provision for 30 days advance written notice by the insurer(s) to LAFCO of any cancellation. Statements that the carrier "will endeavor" and "that failure to mail such notice shall impose no obligation and liability upon the company, its agents or representatives," will not be acceptable on certificates.

(2) All policies shall contain a provision stating that the Consultant's policies are primary insurance and that the insurance of LAFCO or any Additional Insured shall not be called upon to contribute to any loss.

h. Additional Insurance Provisions

(1) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by LAFCO, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(2) If at any time during the life of the Agreement the Consultant fails to maintain in full force any insurance required by the Agreement documents, LAFCO may terminate the Agreement.

(3) The Consultant shall include all subconsultants as insureds under its policies or shall furnish separate certificates and endorsements for each subconsultant. All coverages for subconsultants shall be subject to all of the requirements stated herein.

(4) LAFCO may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(5) Neither LAFCO nor the Commission, nor any member of the Commission, nor any of the directors, officers, employees, agents or volunteers of LAFCO or the

Commission shall be personally responsible for any liability arising under or by virtue of this Agreement.

13. Indemnification.

Consultant agrees to protect, save, defend and hold harmless LAFCO and its Commission and each member of the Commission, officers, agents and employees from any and all claims, liabilities, expenses or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of or in any way connected with the alleged acts, errors or omissions or willful misconduct by Consultant, Consultant's agents, officers, employees, subconsultants or independent consultants hired by Consultant under this Agreement. This hold harmless Agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification, etc. to be provided by Consultant.

14. Laws, Venue and Attorneys' Fees.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of San Bernardino, State of California. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorneys' fees, as determined by the court.

15. Termination or Abandonment.

a. LAFCO has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, LAFCO shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. LAFCO shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by LAFCO and Consultant of the portion of such task completed but not paid prior to said termination. LAFCO shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to LAFCO only in the event of substantial failure by LAFCO to perform in accordance with the terms of this Agreement through no fault of Consultant.

16 Organization.

Consultant shall assign Jeff Ball as Project Manager. The Project Manager shall not be removed from the Project or reassigned without the prior written consent of LAFCO.

17. Notice.

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

LAFCO:
1170 West Third Street, Unit 150
San Bernardino, CA 92415-0490
Attn: Executive Officer

Consultant:
Davis Farr, LLP
18201 Von Karman, Suite 1100
Irvine, CA 92612
Attn: Jonathan Foster, Partner

and shall be effective upon receipt thereof.

18. Third Party Rights.

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than LAFCO and the Consultant.

19. Severability.

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

[signatures continued on next page]

**LOCAL AGENCY FORMATION
COMMISSION FOR SAN BERNARDINO
COUNTY**

DAVIS FARR, LLP

By: _____
Samuel Martinez, Executive Officer

By: _____
Jonathan Foster, Partner

Approved as to Form:

Legal Counsel
Local Agency Formation Commission for
San Bernardino County

DRAFT

EXHIBIT A

Scope of Services

Consultant shall provide the following services:

1) Audit

- a) Consultant will perform an independent 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.
- b) The Commission's Basic Financial Statements will be prepared and word-processed by the Consultant in full compliance with generally accepted accounting principles.
- c) The Consultant will render their auditors' report on the Basic Financial Statements that will include both Government-Wide Financial Statements and Fund Financial Statements.
- d) The Consultant will also apply limited audit procedures to Management's Discussion and Analysis ("MD&A"), consisting of the control environment, accounting systems and control procedures, and required supplementary information pertaining to the General Fund and each major fund of the Commission.

2) Management Letter

- a) The Consultant will issue a separate "management letter" that includes recommendations to the governing board for improvements in internal control that are considered to be nonreportable conditions.

LAFCO will provide the following services:

The 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. LAFCO staff will prepare the MD&A and transmittal letters based on a template supplied by the Consultant. All other information and financial statements are the responsibility of the Consultant. All working papers and reports are to be retained at the Consultant's sole expense for a minimum of seven (7) years. Consultant will be responsible for making working papers available to LAFCO or any other appropriate government agency.

EXHIBIT B

Schedule of Additional Charges/Payments

Fee Schedule
for
DAVIS FARR, LLP

The following fee schedule shall apply for additional consulting services of the fiscal year ending on June 30, 2021, June 30, 2022, June 30, 2023, and June 30, 2024 and June 30, 2025, if LAFCO exercises its option to renew the Agreement, in its sole discretion:

Professional Services Classification	Hourly Rates
Partners	\$165
Managers	\$130
Senior (in-Charge) Auditors	\$105
Staff Auditor	\$95

Consultant shall bill LAFCO only for the actual hours incurred in performing the services required under this Agreement, in accordance with the fee schedule set forth above, and subject to the provisions of Section 2 of this Agreement.

EXHIBIT C

Activity Schedule

Timetable of Audit Work and Deliverable Reports to be performed for the Fiscal Year ending on June 30, 2021, June 30, 2022, June 30, 2023, and June 30, 2024 and June 30, 2025, if LAFCO exercises its option to renew the Agreement, in its sole discretion:

Consultant shall be responsible for performing the audit for the fiscal year ending on June 30, 2021, June 30, 2022, June 30, 2023, and June 30, 2024, and June 30, 2025, if LAFCO exercises its option to renew the Agreement, in its sole discretion, in accordance with Exhibit "A" and preparation and word processing of the following financial statements:

<u>Report Description</u>	<u>Number of Copies</u>	<u>Due Date of Each Audit Year</u>
Basic Financial Statements	1 photo ready 3 hard copies (Final audit)	No later than November 30 th of every year

A draft copy of the Basic Financial Statements should be delivered to the LAFCO Executive Officer for review approximately 10 days prior to the deadline noted above.

The audit shall begin no earlier than September 1 of each year and be completed no later than November 30, following the fiscal year audited (e.g. begin no earlier than September 1st and completed in time to meet the deadline established by LAFCO for the audit of each fiscal year).