



**REQUEST FOR PROPOSALS NO. GS-2017-0017  
TO PROVIDE  
INDEPENDENT AUDIT SERVICES FOR  
THE CITY OF GLOBE, ARIZONA**

**DUE DATE: MONDAY, JULY 24, 2017  
DUE TIME: 11:00 A.M., MST**

**INTRODUCTION**

The City of Globe is requesting proposals from qualified firms of certified public accountants, for a three year contract to prepare and audit its financial statements for the fiscal years ending June 30, 2017, 2018 and 2019. An option to extend the contract for fiscal years ending June 30, 2020 and 2021 may be exercised by the City through a written amendment. The Firm will be asked to prepare the City's Report of Financial Transactions for the State Controller's Office and the Annual Streets Report, prepare and audit the City's financial statements, and complete a Single Audit Report if expenditure criteria are met. The audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial and compliance audits in the U.S. General Accounting Office's (GAO) *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, the provisions of the Single Audit Act of 1984, as amended in 1996, U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments* and Governmental Accounting Standards Board (GASB) Pronouncements. The City of Globe operates under the Home Rule Option.

During the evaluation process, the City reserves the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. Submission of a proposal indicates acceptance by the Firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Globe and the Firm selected.

To be considered, three (3) original copies must be received the City of Globe, City Clerk's Office, 150 N. Pine Street, Globe, Arizona 85501, no later than 11:00 A.M. on Monday, July 24, 2017. Failure to provide the required number of copies in the requested format may render your proposal as non-compliant. A copy of this request for proposal and the City's most recent audited financial statements can be found on the City's website: <http://www.globeaz.gov/departments/finance>.

All questions relating to this proposal should be submitted in writing by Friday, July 14, 2017 to:

Jeannie Sgroi  
Finance Director  
150 N. Pine Street  
Globe, AZ 85501  
[jsgroi@globeaz.gov](mailto:jsgroi@globeaz.gov)

All responses to questions and RFP revisions will be available on the City's website:  
<http://www.globeaz.gov/departments/finance>.

**MINIMUM CRITERIA:**

To be considered in the bidding process, the proposing independent auditing firm must meet the following minimum criteria:

1. The firm must meet the Government Auditing Standards' continuing professional education, independence, peer review, and licensing requirements (A.R.S. §9-481).
2. The firm must have experience in governmental auditing. The experience must have been on an entity-wide basis, and an opinion must have been issued.
3. The firm must be able to meet the reporting deadlines described in the following Request for Proposal.

**BACKGROUND INFORMATION:**

The City of Globe is in Gila County, Arizona. The City was established in 1907. For more than 30 years, the City's annual audit services had been completed by the late John H. Naylor, C.P.A., P.C. The City provides a full range of municipal services including: administration, fire, police, library, active adult center, museum, magistrate court, fleet, streets, parks, cemetery, water, and wastewater. The City contracts for sanitation services. The City operates under the Council-Manager form of government within State law. The adopted 2016-2017 budget is \$24.2 million, which includes 98 FTEs. The City provides services to a resident population of approximately 7,500.

The City reports the following major governmental funds: General Fund, Highway User Revenue Fund, Excise Fund, Library Fund, and Active Adult Center Fund. The City reports the following major enterprise funds: Water and Wastewater. The City currently uses Caselle for its accounting applications.

The City is required by State law to provide an annual audit of its financial statements by a Certified Public Accountant in accordance with generally accepted auditing standards. This requirement includes: 1) a financial statement audit in accordance with generally accepted auditing standards and Government Auditing Standards, 2) a State Compliance Audit, in accordance with the State Compliance Audit Guide, issued by the Office of the State Auditor of Arizona, and 3) depending on levels of federal funding, a Single Audit in accordance with the Single Audit Act and OMB Circular A-133. This audit must be submitted to the State Attorney General's Office within nine months after the end of the fiscal year.

In addition, the selected firm must complete the Magistrate Court's agreed upon Procedures External Review as required by the Minimum Accounting Standards for Arizona Courts every three years. The most recent report was completed on December 22, 2016.

**OBJECTIVE AND SCOPE:**

The purpose of this request for proposal (RFP) is to enter into a contract with a certified public accounting firm to provide financial audit services for the fiscal year ending June 30, 2017, with anticipated contract continuation for the succeeding two fiscal years and City-option annual one-year contract extensions up to an additional two fiscal years.

**A. AUDIT STANDARDS**

The auditor shall perform a financial audit, a state compliance audit, and depending on levels of federal funding, a single audit of the City of Globe for each fiscal year of the contract period in accordance with the following:

1. Auditing standards generally accepted in the United States of America, as promulgated by the American Institute of Certified Public Accountants (AICPA);
2. The AICPA Audits of State and Local Governmental Units audit and accounting guide;
3. Government Auditing Standards, 2011 revision, published by the U.S. Government Accountability Office;
4. For the single audit – the Single Audit Act; OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations and related OMB A-133 Compliance Supplement (as applicable).
5. State of Arizona Uniform Expenditure Reporting System requirements (UERS) mandated by the A.R.S. §41-1279.07, with guidelines set forth by the Arizona Auditor General.

**B. REPORTING REQUIREMENTS**

1. Financial Report – Management prepares and prints the City’s Comprehensive Annual Financial Report (CAFR) including all financial statements and combining and supplementary information. The auditor shall audit the CAFR and records of the City and shall issue an auditor's opinion on those financial statements and an in-relation-to opinion on the combining and supplementary information. Such financial statements shall be prepared in conformity with accounting principles generally accepted in the United States of America as promulgated by the GASB.
2. Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters – The auditor shall issue a report on internal control over financial reporting and on compliance and other matters in accordance with Government Auditing Standards.
3. Reports required for the OMB Circular A-133 Audit – If OMB Circular A-133 is applicable, the auditor shall prepare all necessary audit reports and schedules required by OMB Circular A-133.
4. Report required for State Compliance Audit – The auditor shall prepare and include a statement expressing positive assurance of compliance with State fiscal laws and other financial issues related to the expenditure of funds received from federal, state, or local governments.

5. Management Letter – As appropriate, the auditor shall prepare a comprehensive management letter including the auditor's findings and recommendations relative to the internal control over financial reporting, compliance with laws and regulations, as applicable, and adherence to generally accepted accounting principles.

The auditor shall request written responses from City officials for each recommendation and shall include such responses in the reports. If the City declines the opportunity to respond, the auditor shall so state in their report.

6. Reporting Deadlines – The audit must be completed and 5 physical copies and an electronic copy of each of the required auditor's reports must be submitted to the City with nine months of the close of the contract year.

#### **SUBMISSION OF PROPOSALS:**

By submitting a proposal in response to this RFP, the proposer is acknowledging that the requirements, scope of work, and evaluation process outlined in this RFP are fair, equitable, not unduly restrictive, understood and agreed to. Any exceptions to the content of the RFP must be protested to the Finance Director at the City of Globe prior to the time for submission of the proposal.

Proposals must be received by the submission deadline of July 24, 2017, no later than 11:00 A.M. Arizona time. Proposals received after the deadline will be late and ineligible for consideration.

Three (3) signed originals must be submitted in a sealed bid package with the words "Independent Audit Services" and the Offeror's name and address clearly indicated on the front of the package. Sealed bids shall be addressed and labeled as follows:

Shelly Salazar, City Clerk  
150 North Pine Street  
Globe, AZ 85501

Fed-Ex deliveries are often made after 3:00 P.M. It is the bidder's responsibility to ensure that their bid is delivered on time.

Technical questions regarding this RFP should be directed in writing to Jeannie Sgroi at [jsgroi@globeaz.gov](mailto:jsgroi@globeaz.gov). However, before making contact we request you review the City's prior year CAFR which can be found on the City of Globe's website: <http://www.globeaz.gov/departments/finance>.

The City will not reimburse any proposer the cost responding to a request for proposers.

#### **PROPOSAL QUALIFICATIONS REQUIREMENTS:**

Interested certified public accounting firms must include the following information in their proposal to be considered to perform the audit of the fiscal year ending June 30, 2016:

##### **A. Profile of the Independent Auditor**

The profile of the proposers should provide general background information. This should include:

1. The organization and size of the proposer, whether it is local, regional, national or international in operations.

2. The location of the office from which the work is to be done and the number of professional staff, by staff level, employed at the office. Also describe the proposer's policy on availability/responsiveness of staff and potential fees for questions between audit years.

3. A positive statement that the following mandatory criteria are satisfied:

(a) An affirmative statement should be included that the firm and all assigned key professional staff are in good standing and properly licensed to practice in the State of Arizona.

(b) An affirmation that the proposer meets the independence requirements of AICPA Rule 101 and the Government Auditing Standards.

(c) An affirmation that the firm meets the continuing education and external quality control review requirements contained in the current version of the Government Auditing Standards.

5. Is the proposer, any principals of the proposer, or any affiliate to the proposer the focus of any pending or ongoing litigation, formal investigation, or administrative proceedings related to attestation services? If yes, please describe.

6. A copy of the proposer's most recent peer review report.

**B. Proposer's Qualifications**

1. Identify the audit partners, audit managers, field supervisors and other staff who will work on the audit.

2. Describe the recent local office auditing experience similar to the type of audit requested.

3. If other auditors are to participate in the audit, those auditors shall be required to provide similar information.

**C. Proposer's Approach to the Examination**

Submit a general audit work plan to accomplish the scope defined in these guidelines. The audit work plan should demonstrate the proposer's understanding of the audit requirements and the audit tests and procedures to be applied in completing the audit plan. The plan should detail the expected number of audit hours for the financial audit and compliance audit separately on an annual basis for each fiscal year being audited. The plan should also identify the breakdown of total hours between staff, in-charges, and higher levels. The planned use of specialists, if any, should also be specified. Please base expected number of audit hours on previous experience similar to the type of audit requested.

At times in the past the City has received sufficient federal funds to trigger a single audit of such funds. As such, the proposer is requested to provide a separate estimate for hours and fees for single audit services should those services be required.

**D. Time Requirements**

Detail how the reporting deadline requirements of the audit will be met.

**E. Fees**

Supply the billing rates, estimated number of billable hours, other billable expenses and a comprehensive "not-to-exceed" fee for the audit, inclusive of travel, per diem, and all other out-of-pocket expenses. As noted in section III, it is expected that if the selected certified public accounting firm performs satisfactorily for the June 30, 2017 audit, it will be engaged to perform the audit for up to two additional years. Therefore, the not-to-exceed fee information requested above should be provided on an annual basis for fiscal years ending 2017 through 2019. The City-option annual contract extensions will be negotiated before the start of each extension. Please provide a separate estimate for hours and fees for single audit services should those services be required. In addition, please provide a separate estimate for hours and fees for the magistrate court procedures external review.

**F. Non-discrimination Clause**

Affirm that the firm does not discriminate against any individual because of race, religion, sex, color, age, disability, or national origin, and that these shall not be a factor in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay or other forms of compensation, demotion, or separation.

**CONTRACTUAL ARRANGEMENTS:**

**A. Document Retention**

Work papers and reports for the audit must be retained for a period of five years after the completion of the audit and made available for inspection by the City or government auditors, including the State of Arizona - Office of the Auditor General, if requested by them.

**B. Compensation for Services**

Progress payments may be made during the audit period based on percent of work completed. Final payment for the audit will be made upon receipt of the audit reports required in section II.

**C. Availability of Staff**

The City of Globe staff will be available to prepare schedules, trial balances, and provide documentation to assist the auditor during the course of the audit. Various balance sheet reconciliations will be provided to the auditors at the start of audit fieldwork.

**EVALUATION OF PROPOSALS:**

The following criteria will be considered when making an evaluation of the proposals:

% OF SCORING WEIGHT	EVALUATION CRITERIA
Mandatory	Licensing, independence, CPE, peer review, and ability to meet audit deadlines.
25%	<u>Technical experience of the firm</u> <ol style="list-style-type: none"> <li>1) Governmental audit experience, including number and size of past and current governmental clients (with specific emphasis on municipal clients).</li> <li>2) Results of most recent peer review.</li> </ol>
25%	<u>Qualifications of staff proposed to perform the audit</u> <ol style="list-style-type: none"> <li>1) Years of governmental auditing experience (with specific emphasis on municipal clients).</li> <li>2) Knowledge of GASB standards and CAFR reporting requirements.</li> <li>3) Comments from municipal references.</li> </ol>
20%	<u>Responsiveness of the proposal</u> in clearly stating an understanding of the audit services to be performed: <ol style="list-style-type: none"> <li>1) Adherence to instructions in this request for proposers.</li> <li>2) Appropriateness and adequacy of proposed procedures.</li> <li>3) Appropriateness of assigned staff levels, including proposed fieldwork hours of in-charge and partner levels.</li> <li>4) Availability and responsiveness audit staff.</li> </ol>
5%	<u>Experience working with Caselle</u>
25%	<u>Cost of the Audit</u>

**SELECTION PROCESS:****A. Oral Presentations**

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

**B. Final Selection**

The City Council will make the final selection during a regular Council Meeting. It will consider the recommendation of Administration. It is anticipated that a Proposer will be selected by October 11, 2016 and a contract will be finalized shortly thereafter.

**C. Right to Reject Proposals**

Submission of a proposal indicates acceptance by the Proposer of the conditions contained in this Request for Proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Globe and the Proposer selected. The City of Globe reserves the right without prejudice to reject any or all proposals.

In order to expedite contract execution by presenting signed documents to the City Council at time of recommendation of award, all bids must include a signed contract executed by a legal representative from the bidding company.





**PROFESSIONAL SERVICES CONTRACT NO. GS-2017-0017  
INDEPENDENT AUDIT SERVICES**

THIS PROFESSIONAL SERVICES CONTRACT (“Contract”), is made and entered into as of \_\_\_\_\_, 2017, and is by and between the City of Globe, a municipal corporation of the State of Arizona (“City”), and \_\_\_\_\_ (“Contractor”).

RECITALS:

WHEREAS, the City desires to contract for \_\_\_\_\_ as specified in Exhibit “A” (“Scope of Work/Proposal”);

WHEREAS, Contractor is duly qualified to perform the requested services;

WHEREAS, Contractor has agreed to perform the services as set forth in Exhibit “A” attached hereto and incorporated herein;

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

**1.0 DESCRIPTION, ACCEPTANCE, DOCUMENTATION**

Contractor shall act under the authority and approval of the Contract Administrator for the City, further named herein, to provide the professional services required by this Contract.

1.1 Service Description. The Contractor shall provide the requested services as set forth in Exhibit “A”.

1.2 Acceptance and Documentation.

1.2.1 Each deliverable shall be reviewed and approved by the City Manager or his designee to determine acceptable completion.

1.2.2. To the extent that that the terms and conditions of this Contract conflict with the Terms and Conditions of Exhibit “A”, the terms and conditions of this Contract will prevail and govern the contractual relationship between the parties.

1.2.3 The City shall provide all necessary information to the Contractor for timely completion of the tasks specified in Item 1.1 above.

1.2.4 All documents, including but not limited to, data compilations, studies,

and/or reports, which are prepared in the performance of this Contract are to be and remain the property of the City and are to be delivered to the City Manager before final payment is made to the Contractor.

## **2.0 FEES, CATEGORIES OF SERVICE AND PAYMENTS**

2.1 Fees. Contractor will be paid within 30 days of the receipt of an itemized invoice, for a total not to exceed \_\_\_\_\_ for the production of the deliverables as spelled out in Exhibit "A".

2.2 Categories of Service. The total amount to be paid the Contractor shall not exceed and shall be paid for the categories of services described on Exhibit "A" (the "**Scope of Work/Proposal**").

2.3 Payment Approval. Amounts set forth in Section 2.2 represent the entire amounts payable under this Contract and shall be paid upon the submission of monthly invoices based on work performed in accordance with this Contract to, and upon approval by, the City.

2.4 Business License. Contractor will purchase and maintain a business license with the City of Globe.

## **3.0 TERMINATION**

### **3.1 Termination**

3.1.1 Termination for Cause: City may also terminate this Contract with seven (7) days' prior written notice for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any industry standards and customary practices terms and conditions of this Contract. Unsatisfactory performance as judged by Industry standards and customary practices, and failure to provide City, upon request, with adequate assurances of future performance shall all be causes allowing City to terminate this Contract for cause. In the event of termination for cause, City shall not be liable to Contractor for any amount, and Contractor shall be liable to City for any and all damages sustained by reason of the default which gave rise to the termination.

3.1.2 Termination for Convenience. The City reserves the right to terminate this Contract with or without cause upon sixty 60 days' prior written notice. In the event the City terminates this Contract pursuant to this Section 3.2.2, then, in that event, the City agrees to pay for the work performed prior to the date of termination.

3.1.3 Termination for Violation of Law. In the event Contractor is in violation of any Federal, State, County or City law, regulation or ordinance, the City may terminate this contract immediately upon giving notice to the Contractor.

3.2 Funds Appropriation. If the City Council does not appropriate funds to continue this Contract and pay for charges hereunder, the City may terminate this Contract at the end of the current fiscal period. The City agrees to give written notice pursuant to Section 4.13 of termination to the Contractor at least thirty (30) days prior to the end of its current fiscal period and will pay to the Contractor all approved charges incurred through the end of such period.

3.3 Terms. The terms of this contract shall be for one (3) year term from the date of execution; with a renewal for up to two (2) additional years, upon mutual agreement of the parties. The City may end this Contract with notice thirty (30) days prior to the anniversary date of the Contract.

#### **4.0 GENERAL TERMS**

4.1 Entire Contract. This Contract constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Contract may not be modified or amended except by a written document, signed by authorized representatives or each party.

4.2 Arizona Law. This Contract shall be governed and interpreted according to the laws of the State of Arizona. The parties further agree that the jurisdiction for any legal dispute arising out of this Contract shall be the Superior Court of the State of Arizona. The parties agree that even if this Contract does not specifically reference any provision required by state or federal law, those state and federally required provisions are incorporated into this Contract by this reference as though they were specifically listed herein.

4.3 Modifications. Any amendment, modification or variation from the terms of this Contract shall be in writing and shall be effective only after approval of all parties signing the original Contract.

4.4 Assignment. Services covered by this Contract shall not be assigned or sublet in whole or in part without the prior written consent of the Purchasing Director and Contract Administrator.

4.5 Successors and Assigns. This Contract shall extend to and be binding upon Contractor, its successors and assigns, including any individual, company, partnership or other entity with or into which Contractor shall merge, consolidate or be liquidated, or any person, corporation, partnership or other entity to which Contractor shall sell its assets.

4.6 Contract Administrator. The Contract Administrator for the City shall be the City Manager or designee. The Contract Administrator shall oversee the execution of this Contract, assist the Contractor in accessing the organization, audit billings, and approve payments. The Contractor shall channel reports and special requests through the Contract Administrator.

4.7 Records and Audit Rights.

4.7.1 Contractor's records (hard copy, as well as computer readable data), and any other supporting evidence deemed necessary by the City to substantiate charges and claims related to this Contract shall be open to inspection and subject to audit and/or reproduction by City's authorized representative to the extent necessary to adequately permit evaluation and verification of cost of the work, and any invoices, change orders, payments or claims submitted by the Contractor or any of his payees pursuant to the execution of the Contract. The City's authorized representative shall be afforded access, at reasonable times and places, to all of the Contractor's records and personnel pursuant to the provisions of this article throughout the term of this Contract and for a period of three years after last or final payment.

4.7.2 Contractor shall require all subcontractors, insurance agents, and material suppliers to comply with the provisions of this article by insertion of the requirements hereof in a written contract between Contractor and such subcontractors, insurance agents, and material suppliers.

4.7.3 If an audit in accordance with this section, discloses overcharges, of any nature, by the Contractor to the City in excess of one percent (1%) of the monthly billings, the actual cost of the City's audit shall be reimbursed to the City by the Contractor. Any adjustments and/or payments which must be made as a result of any such audit or inspection of the Contractor's invoices and/or records shall be made within a reasonable amount of time, not to exceed thirty (30) days from presentation of City's findings to Contractor.

4.8 Attorneys' Fees. In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Contract, or on account of any breach or default hereof, the prevailing party shall be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses, determined by the court sitting without a jury, which shall be deemed to have accrued on the commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

4.9 Ineligible Bidder. The preparer of specifications is not eligible to submit a bid or proposal on the solicitation for which they prepared the specification, nor is the preparer eligible to supply any product to a bidder or Contractor on the solicitation for which they prepared the specification.

4.10 Independent Contractor.

4.10.1 The services Contractor provides under the terms of this Contract to the City are that of an Independent Contractor, not an employee, or agent of the City. The City will report the value paid for these services each year to the Internal Revenue Service (I.R.S.) using Form 1099.

4.10.2 City shall not withhold income tax as a deduction from contractual payments. As a result of this, Contractor may be subject to I.R.S. provisions for payment of estimated income tax. Contractor is responsible for consulting the local I.R.S. office for current information on estimated tax requirements.

4.10.3 Contractor warrants that he has obtained or will obtain Worker's Compensation Insurance for his employees while working on this Contract and that any subcontractors (if permitted) shall likewise obtain Worker's Compensation Insurance for their employees working on this contract. Neither Contractor nor any employee of the Contractor shall be deemed an officer, employee, or agent of the City.

4.11 Conflict of Interest. Pursuant to A.R.S. §38-511-The City may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City's departments or agencies is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the City is received by all other parties to the contract, unless the notice specifies a later time.

4.12 Compliance with Federal and State Laws.

4.12.1 The Contractor understands and acknowledges the applicability to it of the American with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989.

4.12.2 Under the provisions of A. R. S. § 41-4401, Contractor hereby warrants to the City that the Contractor and each of its subcontractors will comply with, and are contractually obligated to comply with, all Federal Immigration laws and regulations that relate to their employees and A. R. S. § 23-214 (A) (hereinafter "**Contractor Immigration Warranty**").

4.12.3 A breach of the Contractor Immigration Warranty shall constitute a material breach of this Contract and shall subject the Contractor to penalties up to and including termination of this Contract at the sole discretion of the City.

4.12.4 The City retains the legal right to inspect the papers of any Contractor or Subcontractors employee who works on this Contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty. Contractor agrees to assist the City in regard to any such inspections.

4.12.5 The City may, at its sole discretion, conduct random verification of the employment records of the Contractor and any subcontractors to ensure compliance with Contractor's Immigration Warranty. Contractor agrees to assist the City in regard to any random verifications performed.

4.12.6 Neither the Contractor nor any subcontractor shall be deemed to have materially breached the Contractor Immigration Warranty if the Contractor or subcontractor establishes that it has complied with the employment verification provisions prescribed by section 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A. R. S. § 23-214, Subsection A.

4.12.7 The provisions of this Article must be included in any contract the Contractor enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "**Services**" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

4.12.8 The provisions of this Section 4.12 must be included in any contract the Contractor enters into with any and all of its subcontractors who provide services under this Contract or any subcontract.

4.13 Israel Boycott Certification. Contractor hereby certifies that it is not currently engaged in and will not, for the duration of this Contract, engage in a boycott of Israel as defined by A.R.S. §35-393.01. Violation of this certification by Contractor may result in action by City up to and including termination of this Contract.

4.14 Notices. All notices or demands required to be given pursuant to the terms of this Contract shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of Contractor:

In the case of City:

City of Globe  
150 N. Pine St.  
Globe, AZ 85501  
Attn: City Manager

Notices shall be deemed received on date delivered, if delivered by hand, or on the delivery date indicated on receipt if delivered by certified or registered mail.

4.15 Force Majeure. Neither party shall be responsible for delays or failures in performance resulting from acts beyond their control. Such acts shall include, but not be limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, power failures, or earthquakes.

4.16 Taxes. Contractor shall be solely responsible for any and all tax obligations which may result out of the Contractor's performance of this Contract. The City shall have no obligation to pay any amounts for taxes, of any type, incurred by the Contractor.

4.17 Advertising. No advertising or publicity concerning the City using the Contractor's services shall be undertaken without prior written approval of such advertising or publicity by the City Contract Administrator. Written approval is required until such time as the project is complete or any adjudication of claims relating to the services provided herein is complete, whichever occurs later.

4.18 Counterparts. This Contract may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Contract shall be deemed to possess the full force and effect of the original.

4.19 Captions. The captions used in this Contract are solely for the convenience of the parties, do not constitute a part of this Contract and are not to be used to construe or interpret this Contract.

4.20 Subcontractors. The addition of subcontractors shall be subject to the prior approval of the City Manager on a case by case basis.

#### 4.21 Indemnification.

4.21.1 To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, shall indemnify, defend, hold harmless City of Globe, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to damages for personal injury or personal property damage, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of, or resulting from any negligent or intentional actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work or services in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees.

4.21.2 In the event the subject action alleges negligence on the part of the Contractor and/or the City, or any third parties not under contract with the Contractor, Contractor's obligations regarding the City's defense under this paragraph include only the reimbursement of the City's reasonable defense costs incurred to the extent of the Contractor's negligence as expressly determined by a final judgment, arbitration, award, order, settlement, or other final resolution. The Contractor shall not be responsible for warranties, guarantees, fitness for a particular purpose, breach of fiduciary duty, loss of anticipated profits or for economic, incidental or consequential damages to the City or any third party arising out of breach of contract, termination, or for any other reason whatsoever. Additionally, the Contractor shall not be responsible for acts and decisions of third parties, including governmental agencies, other than the Contractor's subconsultants, that impact project completion and/or success.

4.21.3 Insurance provisions set forth in this Contract are separate and independent from the indemnity provisions of this paragraph and shall not be construed in any way to limit the scope and magnitude of the indemnity provisions. The indemnity provisions of this paragraph shall not be construed in any way to limit the scope and magnitude and applicability of the insurance provisions.

#### 4.22 Changes in the Work.

4.22.1 The City may at any time, as the need arises, order changes within the scope of the work without invalidating the Contract. If such changes increase or decrease the amount due under the contract documents, or in the time required for performance of the work, an equitable adjustment shall be authorized by written Change Order.

4.22.2 The City will execute a formal Change Order based on detailed written quotations from the Contractor for work related changes and/or a time of completion variance. All Change Orders are subject to the prior written approval by the City.

4.22.3 Contract Change Orders are subject to the Rules and Procedures within the City's Procurement Code.

4.23 Co-op Use of Contract. In addition to the City of Globe, this Contract may be extended for use by other municipalities, government agencies and governing bodies, including the Arizona Board of Regents, and political subdivisions of the State. Any such usage by other entities may be in accord with the ordinances, charter and/or rules and regulations of the respective entity and the approval of the Contractor.

4.24 Alternative Dispute Resolution. If a dispute arises between the parties relating to this Contract, the parties agree to use the following procedure prior to either party pursuing other available remedies:

4.24.1 A meeting shall be held promptly between the parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute.

4.24.2 If, within 30 days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, they will jointly appoint a mutually acceptable neutral person not affiliated with either of the parties (the “**neutral**”), seeking assistance in such regard if they have been unable to agree upon such appointment within 40 days from the initial meeting. The fees of the neutral shall be shared equally by the parties.

4.24.3 In consultation with the neutral, the parties will select or devise an alternative dispute resolution procedure (“**ADR**”) by which they will attempt to resolve the dispute, and a time and place for the ADR to be held, with the neutral making the decision as to the procedure, and/or place and time (but unless circumstances require otherwise, not later than 60 days after selection of the neutral) if the parties have been unable to agree on any of such matters within 20 days after initial consultation with the neutral.

4.24.4. The parties agree to participate in good faith in the ADR to its conclusion as designated by the neutral. If the parties are not successful in resolving the dispute through the ADR, then the parties may agree to submit the matter to binding arbitration or a private adjudicator, or either party may seek an adjudicated resolution through the appropriate court.

4.25 City-Provided Information and Services. The City shall furnish the Contractor available studies, reports and other data pertinent to the Contractor's services; obtain or authorize the Contractor to obtain or provide additional reports and data as required; furnish to the Contractor services of others required for the performance of the Contractor's services hereunder, and the Contractor shall be entitled to use and rely upon all such information and services provided by the City or others in performing the Contractor's services under this Agreement

4.26 Access. The City shall arrange for access to and make all provisions for the Contractor to enter upon public and private property as required for the Contractor to perform services hereunder.

4.27 Third Parties. The services to be performed by the Contractor are intended solely for the benefit of the City. No person or entity not a signatory to this Agreement shall be entitled to rely on the Contractor's performance of its services hereunder, and no right to assert a claim against the Contractor by assignment of indemnity rights or otherwise shall accrue to a third party as a result of this Agreement or the performance of the Contractor's services hereunder.



## 5.0 INSURANCE

5.1. General. Contractor agrees to comply with all City ordinances and state and federal laws and regulations. Without limiting any obligations or liabilities of Contractor, Contractor shall purchase and maintain, at its own expense, hereinafter stipulated minimum insurance with insurance companies duly licensed by the State of Arizona (admitted insurer) with an AM Best, Inc. rating of B ++ 6 or above or an equivalent qualified unlicensed insurer by the State of Arizona (non-admitted insurer) with policies and forms satisfactory to City of Globe. Failure to maintain insurance as specified may result in termination of this Contract at City of Globe's option.

5.2 No Representation of Coverage Adequacy. By requiring insurance herein, City of Globe does not represent that coverage and limits will be adequate to protect Contractor. City of Globe reserves the right to review any and all of the insurance policies and/or endorsements cited in this Contract but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Contract or failure to identify any insurance deficiency shall not relieve Contractor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Contract.

5.3 Coverage Term. All insurance required herein shall be maintained in full force and effect until all work or services required to be performed under the terms of this Contract is satisfactorily performed, completed and formally accepted by the City of Globe, unless specified otherwise in this Contract.

5.4 Policy Deductibles and or Self Insured Retentions. The policies set forth in these requirements may provide coverage which contain deductibles or self insured retention amounts. Such deductibles or self insured retention shall not be applicable with respect to the policy limits provided to City of Globe. Contractor shall be solely responsible for any such deductible or self insured retention amount. City of Globe, at its option, may require Contractor to secure payment of such deductible or self insured retention by a surety bond or irrevocable and unconditional Letter of Credit.

5.5 Use of Subcontractors. If any work under this Contract is subcontracted in any way, Contractor shall execute written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements set forth herein protecting City of Globe and Contractor. Contractor shall be responsible for executing the agreement with Subcontractor and obtaining Certificates of Insurance verifying the insurance requirements.

5.6 Evidence of Insurance. Prior to commencing any work or services under this Contract, Contractor shall furnish City of Globe with Certificate(s) of Insurance, or formal endorsements as required by this Contract, issued by Contractor's insurer(s) as evidence that policies are placed with acceptable insurers as specified herein and provide the required coverage's, conditions, and limits of coverage and that such coverage and provisions are in full force and effect.

5.7 Required Coverage.

5.7.1 The Contractor shall procure and maintain, at Contractor's sole expense the following:

5.7.2 Commercial General Liability Insurance Policy with limits of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in aggregate against claims for bodily injury, death and property damage and names the City of Globe, AZ as an additional insured (with corresponding endorsement relative to the additionally insured indemnification) in connection with the consulting services as provided herein.

5.7.3 Workers' Compensation coverage. Coverage includes Statutory, plus Coverage A: Each Accident, B: Each Employee and C: Disease, Each \$1,000,000.

5.7.4 Commercial automobile liability insurance for any owned, hired or non-owned autos, with a limit of not less than \$1,000,000 each accident (if Contractor performance hereunder requires driving for the City of Globe other than the commute to and from City facilities).

5.7.5 The Contractor shall keep said policies in force for the duration of the Contract and for any possible extension thereof. The policy shall not be suspended, voided canceled or reduced in coverage for the duration of the Contract and for any possible extension thereof without at least thirty (30) days' notice of cancellation of material change in coverage.

5.7.6 All carriers shall be approved to write insurance in the State of Arizona and possess a rating of not less than B= VI or better A.M. Best rating.

5.7.7 Within ten (10) days of the execution of this Contract, Contractor shall furnish any original Certificates of Insurance and corresponding endorsement(s) evidencing the required coverage to be in force on the date of this Contract.

5.7.8 Contractor shall furnish to the City of Globe any renewal Certificates of Insurance (if coverage has an expiration or renewal dates occurring during the term of this Contract).

5.7.9 The receipt of any Certificate of Insurance and endorsement does not constitute an agreement by the City of Globe that insurance requirements have been met.

5.7.10 The failure of Contractor to obtain Certificates or other insurance evidence from other contractors shall not be deemed a waiver by the City of Globe of any obligation hereunder.

5.7.11 The Contractor's liability under this Contract is not in any way limited by the insurance required by this Contract.

5.7.12 The policies set forth in these requirements may provide coverage which contain deductibles or self-insured retention amounts. Such deductibles or self-insured retention shall not be applicable with respect to the policy limits provided to City of Globe. Contractor shall be solely responsible for any such deductible or self-insured retention amount. City of Globe, at its option, may require Contractor to secure payment of such deductible or self-insured retention by a surety bond or irrevocable and unconditional Letter of Credit.

**6.0 SEVERABILITY AND AUTHORITY**

6.1 Severability. If any term or provision of this Contract shall be found to be illegal or unenforceable, then notwithstanding such illegality or unenforceability, this Contract shall remain in full force and effect and such term or provision shall be deemed to be deleted.

6.2 Authority. Each party hereby warrants and represents that it has full power and authority to enter into and perform this Contract, and that the person signing on behalf of each has been properly authorized and empowered to enter this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.

Upon award, the Request for Proposals number of GS-2017-0017 shall become the Contract number for the duration of the Contract.

Contractor shall be paid an amount up to \$\_\_\_\_\_ for completion of this Contract as outline in the Scope of Services to Contract No. GS-2017-0017.

IN WITNESS WHEREOF, Contract No. GS-2017-0017, has been duly executed by the parties hereinabove named, on this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

CITY OF GLOBE

CONTRACTOR

By: \_\_\_\_\_  
Al Gamos, Mayor

By: \_\_\_\_\_  
Authorized Representative

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

APPROVED AS TO FORM:

ATTEST:

By: \_\_\_\_\_  
William J. Sims III, City Attorney

By: \_\_\_\_\_  
Shelly Salazar, Clerk