



Department of Management Services

Purchasing Division

241 West South Street
Kalamazoo, MI 49007-4796

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cokpurchasing@kalamazoocity.org

REQUEST FOR PROPOSALS (RFP)

The City of Kalamazoo, Michigan is soliciting sealed proposals for:

Project Name: Outside Auditing Services - Management Services Department

Proposal Reference #: 94620-008.0

RFP ISSUE DATE: October 16, 2019 Number of Copies Required: 3 plus 1 electronic copy

PROPOSAL DUE/OPENING DATE: November 14, 2019 @ 3:00 p.m. Local Time

Facsimile Proposals Will Not Be Accepted

MAILING ADDRESS & INSTRUCTIONS

Mail to:

Purchasing Division
241 W. South Street
Kalamazoo, MI 49007

**Questions about this RFP should be directed to:
Jennifer Clark, Accounting and Budget Division
Manager at (269) 337-8783**

Include on the Envelope the Project Name and Proposal Reference Number (above). All Envelopes Must Be Sealed.

You are invited to submit a proposal for this project. Specifications, terms, conditions and instructions for submitting proposals are contained herein. This Request for Proposals with all pages, documents and attachments contained herein, or subsequently added to and made a part hereof, submitted as a fully and properly executed proposal shall constitute the contract between the City and the successful proposer when approved and accepted on behalf of the City by an authorized official or agent of the City. Please review the proposal document as soon as possible and note the **DEADLINE FOR QUESTIONS** in the Instructions to Proposers.

All proposers shall complete and return the Proposal and Award page(s) and submit all information requested herein in order for a proposal to be responsive. **FAILURE TO DO SO MAY RESULT IN THE PROPOSAL BEING REJECTED AS NON-RESPONSIVE.** The proposal document shall be returned in its entirety, in a properly identified and sealed envelope to the Purchasing Division at the above address. **PROPOSALS MUST BE RECEIVED BEFORE THE DUE DATE - LATE PROPOSALS WILL NOT BE CONSIDERED.** The City reserves the right to postpone the proposal opening for its own convenience.

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE #</u>	<u>APPENDICES</u>
I Instructions to Proposers	1	Appendix A
II Proposal & Award	2 - 9	
III Audit Contract Statement of Work	10 - 19	
IV Indemnity and Insurance	20 - 21	
V Terms and Conditions	22 - 26	

STATEMENT OF NO PROPOSAL

NOTE: If you DO NOT intend to bid on this commodity or service, please complete and return this form immediately. Your response will assist us in evaluating all responses for this important project and to improve our bid solicitation process.

The Purchasing Division of the City of Kalamazoo wishes to keep its proposers list file up-to-date. If, for any reason you cannot supply the commodity/service noted in this proposal solicitation, this form must be completed and returned to remain on the particular proposal list for future projects of this type.

If you do not respond to this inquiry within the time set for the proposal opening date and time noted, we will assume that you can no longer supply this commodity/service, and your name will be removed from this proposal list.

- _____ Specifications too "tight", i.e. geared toward one brand or manufacturer only (explain below).
- _____ Specifications are unclear (explain below).
- _____ We are unable to meet specifications.
- _____ Insufficient time to respond to the Request for Proposal.
- _____ Our schedule would not permit us to perform.
- _____ We are unable to meet bond requirements.
- _____ We are unable to meet insurance requirements.
- _____ We do not offer this product or service.
- _____ Remove us from your proposers list for this commodity or service.
- _____ Other (specify below).

REMARKS: _____

SIGNED: _____ NAME: _____
(Type or Print)

TITLE: _____ DATE: _____

FIRM NAME: _____
(if any)

ADDRESS: _____
(Street address) (City) (State) (Zip)

PHONE: _____ FAX: _____

EMAIL: _____

SECTION I - INSTRUCTIONS TO PROPOSERS

1. **EXAMINATION OF PROPOSAL DOCUMENT**-Before submitting a proposal, proposers shall carefully examine the specifications and shall fully inform themselves as to all existing conditions and limitations. The proposer shall indicate in the proposal the sum to cover the cost of all items included on the proposal form.
2. **PREPARATION OF PROPOSAL**-The proposal shall be legibly prepared in ink or typed. If a unit price or extension already entered by the proposer on the Proposal and Award form is to be altered, it shall be crossed out and the new unit price or extension entered above or below and initialed by the proposer with ink. The proposal shall be legally signed and the complete address of the proposer given thereon.

All proposals shall be tightly sealed in an envelope plainly marked SEALED PROPOSAL and identified by project name, bid opening date and time. Proposals opened by mistake, due to improper identification, will be so documented and resealed. The Purchasing Division will maintain and guarantee confidentiality of the contents until the specified opening date and time. Facsimile bids will not be accepted.

3. **EXPLANATION TO PROPOSERS**-Any binding explanation desired by a proposer regarding the meaning or interpretation of the Request for Proposals (RFP) and attachments must be requested in writing, **at least 5 days before the proposal opening** and with sufficient time allowed for a reply to reach all prospective proposers before the submission of their proposal. Any information given to a prospective proposer concerning the RFP will be furnished to all prospective proposers as an amendment or addendum to the RFP if such information would be prejudicial to uninformed proposers. Receipt of amendments or addenda by a proposer must be acknowledged in the proposal by attachment, or by letter or fax received before the time set for opening of proposals. Oral explanation or instructions given prior to the opening will not be binding.
4. **CASH DISCOUNTS**-Discount offered for payment of less than thirty (30) days will not be considered in evaluating proposals for award. Offered discounts of less than thirty (30) days will be taken if payment is made within the discount period, even though not considered in evaluation of the proposal.
5. **WITHDRAWAL OF PROPOSALS**-Proposals may be withdrawn in person by a proposer or authorized representative, provided their identity is made known and a receipt is signed for the proposal, but only if the withdrawal is made prior to the exact time set for receipt of proposal. No proposal may be withdrawn for at least ninety (90) days after proposal opening.
6. **ALTERNATE PROPOSALS**-Proposers are cautioned that any alternate proposal, unless specifically requested or any changes, insertions or omissions to the terms and conditions, specifications or any other requirement of this RFP may be considered non-responsive, and at the option of the City, result in rejection of the alternate proposal.
7. **LATE PROPOSALS**-Any proposal received at the office designated herein after the exact time specified for receipt will not be considered. (Note: The City reserves the right to consider bids that have been determined by the City to be received late due to mishandling by the City after receipt of the proposal and no award has been made.)
8. **UNIT PRICES**-If there is a discrepancy between unit prices and their extension, unit prices shall prevail.

**SECTION II
PROPOSAL AND AWARD**

Detach and enclose in a separate sealed envelope per instruction "Sealed Dollar Cost Bid", Section III, # 5.2.

The undersigned having become thoroughly familiar with and understanding all of the proposal documents incorporated herein, agrees to provide the services as specified herein for the total fee as stipulated below:

Please provide proposal costs for audit and financial statement services as described in Section III, Audit Contract Statement of Work, for the years ending December 31, 2019; 2020; 2021; 2022 and 2023. Include the hourly rates of audit team members as requested.

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT AND FINANCIAL STATEMENT SERVICES
FOR THE YEAR ENDING DECEMBER 31, 2019 AND
FOUR SUBSEQUENT YEARS**

AUDIT AND FINANCIAL STATEMENT SERVICES

Total All-Inclusive Maximum Price for the 2019 Services	\$
Total All-Inclusive Maximum Price for the 2020 Services	\$
Total All-Inclusive Maximum Price for the 2021 Services	\$
Total All-Inclusive Maximum Price for the 2022 Services	\$
Total All-Inclusive Maximum Price for the 2023 Services	\$

NOTE: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
 FOR THE AUDIT AND FINANCIAL STATEMENT SERVICES
 FOR THE 2019 - 2023 FINANCIAL STATEMENTS:
 COMBINING SCHEDULE - ALL SERVICES DESCRIBED IN RFP SECTION III**

NATURE OF SERVICES TO BE PROVIDED	TOTAL PRICE BY AUDIT YEAR				
	2019	2020	2021	2022	2023
1. Audit of the City of Kalamazoo and Preparation of City Comprehensive Annual Financial Report (CAFR)	\$	\$	\$	\$	\$
2. Single Audit of Federal Grants and Preparation of Single Audit Report	\$	\$	\$	\$	\$
3. Audit of the Employees’ Retirement System and Preparation of the Employees’ Retirement System report	\$	\$	\$	\$	\$
4. Audit of the Other Post-Employment Benefits (OPEB) Trust and Preparation of the OPEB Trust Report	\$	\$	\$	\$	\$
5. Audit of the Other Post-Employment Benefits (OPEB) Trust Schedule of Employer Allocations	\$	\$	\$	\$	\$
TOTAL:	\$	\$	\$	\$	\$

The “TOTAL” above must equal the total all-inclusive maximum prices listed on page 2.

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
 FOR POTENTIAL OTHER PROFESSIONAL SERVICES
 FOR THE CITY OF KALAMAZOO
 (AS NEEDED ONLY)**

	STANDARD HOURLY RATES	QUOTED HOURLY RATES
Partners	\$	\$
Managers	\$	\$
Supervisors	\$	\$
Staff	\$	\$
Other (Specify):		
	\$	\$
	\$	\$

Proposer/Contractor has examined and carefully studied the bidding documents and attachments, and acknowledges receipt of the following addenda:

Addendum No: _____

Dated: _____

Proposer shall provide all of the information as requested herein with their proposal. **Failure to do so and/or failure to provide post-proposal requested information may be cause for rejecting the proposal as non-responsive.**

By my signature below, I certify that the firm bidding on this contract, when making hiring decisions, does not use a past criminal conviction as a bar to or preclude a person with a criminal conviction from being considered for employment with the bidding firm unless otherwise precluded by federal or state law. I further certify that I have read and agree to be bound by the provisions of the City’s Non-Discrimination Clause found in Appendix A as updated by City Ordinance 1856.

Signed: _____ Name: _____

Title: _____

QUALIFICATIONS QUESTIONNAIRE

Please answer the following questions completely. You are not required to submit answers on this form and additional information (brochures, illustrations, etc.) will be used in determining qualifications. If not using this form, please follow its format.

1. Firm name: _____

2. Established: Year _____ State _____

3. Type of organization:

- a. Individual: _____
- b. Partnership: _____
- c. Corporation: _____
- d. Other: _____

4. Former firm name(s) if any, and year(s) in business:

5. Home office business address and telephone number where work will be performed:

6. Branch office(s) if work will be performed there:

7. Personnel of firm who will be working on this project. Attach resumes of key personnel:

NAME AND TITLE	SPECIALTY	YEARS EXPERIENCE	EXPECTED ROLE
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8. Total personnel of firm:

- a. Professional: _____
- b. Non-professional: _____

QUALIFICATIONS QUESTIONNAIRE (cont)

Attach responses to the technical proposal qualifications questions as outlined in Section III, #5.1, Proposal Requirements.

I hereby certify that all of the information provided is true and answered to the best of my ability.

Signed: _____ Name: _____
(Type or Print)

Title: _____ Date: _____

**CITY OF KALAMAZOO
LOCAL PREFERENCE POLICY AND CERTIFICATION
PROFESSIONAL SERVICES**

When evaluating the qualifications of the responses received for professional service contracts, the location of Kalamazoo County professional firms will be given additional consideration. The City of Kalamazoo is the sole determiner whether a professional firm qualifies as a Kalamazoo County firm and the ranking of its qualifications as compared to the qualifications of the other professional firms being considered.

During the qualifications evaluation process, an additional weight of approximately two percent will be added to the qualifications of Kalamazoo County professional firms in recognition of the positive economic impact resulting from contracting with them. This weight is given over and above any score already given for location of the firm as it relates to increased efficiency and effectiveness as a result of the proximity of the firm to the City. It is understood, however, that due to the subjective nature of the qualifications evaluation process, and the number and weight of all criteria used, it is impossible to apply a precise, numerical local preference score to those proposals.

To qualify as a Kalamazoo County professional firm, the business must meet both the following criteria:

1. Have a physical presence in Kalamazoo County by maintaining a permanent office in Kalamazoo County and with employees working in Kalamazoo County.
2. Have paid real or personal property taxes related to said business to the City of Kalamazoo, County of Kalamazoo or other municipal corporation within Kalamazoo County in the previous tax year, except that a non-profit entity need not meet this requirement.

This local preference policy applies only to purchases for professional services that are over \$25,000. If more than 50% of the contract is sub-contracted to firms located outside of Kalamazoo County that proposal does not qualify for the local preference policy outlined above. The local preference policy will not apply if prohibited by law. The Purchasing Manager has the authority to make final determination if the bidder qualifies as a Kalamazoo County bidder as set forth herein. The Purchasing Manager may take into account the permanency of the business in Kalamazoo, and whether the business appears to be claiming to be a Kalamazoo County business solely or primarily to qualify as a Kalamazoo County business under this Resolution, and any other material factors.

CERTIFICATION

If you qualify as a Kalamazoo County professional firm and wish to be considered for the local preference provisions as provided above please certify that fact by providing the information requested below and attesting to its accuracy.

Firm Name: _____

Street Address of Business: _____

City, State, and Zip Code: _____

Number of employees working in Kalamazoo County: _____

Name the city or township to which business real and/or personal property taxes are paid or provide non-profit status:

The above information is accurate:

Signature: _____ Date: _____

Title: _____

CITY OF KALAMAZOO EX-OFFENDER POLICY CHECKLIST

As part of the City’s commitment to reducing unacceptable poverty, encouraging rehabilitation, reducing recidivism and strengthening families in Kalamazoo, the City has updated its Purchasing Policy to ensure that firms with whom the City does business share in this commitment by utilizing hiring practices that do not unfairly deny people with arrest and conviction records gainful employment. *(Important: This requirement also extends to any subcontractors the bidder intends to use to fulfill the contract for goods or services being sought from the City.)*

Part I: Proof that the bidder does not inquire about an individual’s past arrest or criminal history on the bidders employment application form

- Attach a copy of the current application for employment being used by the bidder

Part II: Certification that the bidder does not use an individual’s past arrest or criminal history to unlawfully discriminate against them by checking *one or more* of the following:

- That pursuant to federal or state law bidder is precluded from hiring persons with certain criminal records from holding particular positions or engaging in certain occupations by providing a cite to the applicable statute or regulation; if checking this box, provide a citation to the applicable statute or rule upon which the bidder is relying:_____
- That bidder conducts criminal history background checks only as necessary, and only after making a conditional offer of employment; that any withdrawal of an offer of employment to an individual because of a past criminal history is job-related and consistent with business necessity after the individual has been provided an individualized assessment opportunity to review and challenge or supplement the history of past criminal conduct being relied upon by the bidder;
- That the use by bidder of criminal history background checks complies with the U.S. Equal Employment Opportunity Commission’s Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions and that the bidder has not had a determination rendered against it in past 7 years that it discriminated against a person through the use of an individual’s arrest or criminal history

I CERTIFY THAT THE ABOVE STATEMENTS ARE TRUE.

Date

Signature

Printed Name

Position

I hereby state that all of the information I have provided is true, accurate and complete. I hereby state that I have the authority to submit this proposal which will become a binding contract if accepted by the City of Kalamazoo. I hereby state that I have not communicated with nor otherwise colluded with any other bidder, nor have I made any agreement with nor offered/accepted anything of value to/from an official or employee of the City of Kalamazoo that would tend to destroy or hinder free competition.

The firm’s identification information provided will be used by the City for purchase orders, payment and other contractual purposes. If the contractual relationship is with, or the payment made to, another firm please provide a complete explanation on your letterhead and attach to your proposal. Please provide for accounts payable purposes:

Tax Identification Number (Federal ID): _____

Remittance Address: _____

I hereby state that I have read, understand and agree to be bound by all terms and conditions of this proposal document.

SIGNED: _____ NAME: _____
(Type or Print)

TITLE: _____ DATE: _____

FIRM NAME: _____
(if any)

ADDRESS: _____
(Street address) (City) (State) (Zip)

PHONE: _____ FAX NUMBER: _____

EMAIL ADDRESS: _____

FOR CITY USE ONLY - DO NOT WRITE BELOW

SECTION III AUDIT CONTRACT STATEMENT OF WORK

1. INTRODUCTION

The City of Kalamazoo is soliciting services of qualified firms of certified public accountants having experience in governmental audits to audit its financial statements for the fiscal year ending December 31, 2019 and each of the four (4) subsequent years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

2. BACKGROUND

The City of Kalamazoo serves an area of twenty-six square miles with a population of 74,261 as of the 2010 census. The City provides a full range of traditional government services, including police and fire protection; economic and community development activities; recreational and cultural activities; and water and wastewater systems. The City operates under the commission-manager form of government and has a calendar-year fiscal year. A listing of expenses by fund for fiscal year 2018 is provided in the CAFR at <https://www.kalamazoocity.org/management>

The City currently has approximately 652 employees. Its accounting and financial reporting functions are centralized, in that accounting/financial reporting decisions are made by the Management Services Director and the Budget and Accounting Division Manager. The City employs an internal auditor, who reports directly to the City Commission.

The City has a single-employer defined benefit pension plan and a multiple-employer other post-employment benefit plan. Actuarial services for both plans are performed by Gabriel, Roeder, Smith & Company of Detroit, Michigan.

The City's reporting entity includes two (2) blended component units, the Kalamazoo Building Authority and the Kalamazoo Hospital Authority, and the following six (6) discretely-presented component units accounted for using the following accounting bases:

- Downtown Development Authority - modified accrual (separate audit)
- Downtown Economic Growth Authority – modified accrual (separate audit)
- Economic Development Corporation - modified accrual
- Brownfield Redevelopment Authority - modified accrual
- Hospital Finance Authority – modified accrual
- Foundation for Excellence Endowment – Not-for Profit (separate audit)

All component units operate on the same fiscal year calendar as the City. All component unit financial information and statements are included within the scope of this Request for Proposals, with the exception of the Downtown Development Authority (DDA) and Downtown Economic Growth Authority (DEGA), currently audited by BDO Seidman, LLP and the Foundation for Excellence Endowment, audited under a separate contract.

The City has no joint ventures.

The City issues separate reports for the following:

- Comprehensive Annual Financial Report (CAFR)
- Single Audit Report
- Other Post-Employment Benefits standalone report
- Employee's Retirement System standalone report

BACKGROUND (cont)

The City prepares its budgets on a basis consistent with generally accepted accounting principles. In addition, Enterprise funds budget capital outlay and debt service as expenditures. The legal level of budgetary control is the fund level in the General Fund and all other funds. Budget-to-actual comparisons are presented within the CAFR.

City staff reconciles and prepares workpapers for all funds. Staff also prepares all government-wide statement adjusting entries and related workpapers. The Budget and Accounting Manager oversees all audit preparation. *The City desires that the audit firm prepare draft and final CAFR and other reports as specified in the “Scope of Work” section of this Request for Proposals.*

The City is considered a low risk auditee and has received unqualified opinions in its past audits. The City continues to receive the Certificate of Achievement for Excellence in Financial Reporting.

Additional Information:

- A. The City’s CAFR is available on the Management Services Department page of the City’s website at <https://www.kalamazoocity.org/cafr> or by contacting the Budget and Accounting Division at (269) 337-8783.
- B. Copies of the City’s budget, Single Audit, official statements, or any of the standalone reports can be obtained on the City’s website at <https://www.kalamazoocity.org/management> under the Budget, Accounting, and Finance section or by contacting the Accounting Division at (269) 337-8783.

3. SCOPE OF WORK FOR YEARS ENDING DECEMBER 31, 2019; 2020; 2021; 2022 AND 2023

- 3.1 The City desires the audit firm to express an opinion on the fair presentation of the financial statements of the City of Kalamazoo and aggregate discretely presented component units with the exception of the Downtown Development Authority, Downtown Economic Growth Authority, and Foundation for Excellence Endowment, with generally accepted accounting principles of the United States of America (GAAP), as well as the Government Accounting Office (GAO) *Government Auditing Standards*, issued by the Comptroller General of the United States.

The audit firm is not required to express an opinion on the introductory section, Management’s Discussion and Analysis (MD&A), historical pension information, or the statistical section of the CAFR. The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

- 3.2 The audit of Federal grants (Single Audit) shall be conducted in accordance with auditing standards generally accepted in the United States; the *Government Auditing Standards*, issued by Comptroller General of the United States; and the Office of Management and Budget (OMB). The audit firm shall express an “in-relation-to” opinion of the Schedule of Expenditures of Federal Awards within the Single Audit report.

SCOPE OF WORK (cont)

- 3.3 The audits of the City of Kalamazoo, Michigan Employees' Retirement System, and the Other Post-Employments Benefits Trust Fund of the City of Kalamazoo shall be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Governmental Auditing Standards issued by the Comptroller General of the United States.
- 3.4 The City desires that the audit firm prepare draft and final CAFR and other reports and that those reports be reviewed by others in the audit firm (or a subcontractor) for technical accuracy. Included in this draft is a template for the Management Discussion and Analysis with comparative schedules prepared and variances calculated. The City will update and prepare the final version.
- 3.5 Following the completion of the audit of the fiscal year's financial statements, the audit firm shall issue the following:
- 3.5.1 A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
- 3.5.2 A report on compliance and internal control over financial reporting based on an audit of the financial statements.
- 3.5.3 A report on compliance and internal control over compliance with requirements of laws, regulations, contracts, and grants that could have a direct and material effect on major federal programs.
- 3.6 The audit firm shall inform the City's audit committee (if created) or the Director of Management Services and Internal Auditor, in writing, of each of the following:
- The auditor's responsibility under generally accepted auditing standards
 - Significant accounting policies
 - Management judgments and accounting estimates
 - Significant audit adjustments
 - Other information in documents containing audited financial statements
 - Disagreements with management
 - Management consultation with other accountants
 - Major issues discussed with management prior to retention
 - Difficulties encountered in performing the audit
 - Any additional disclosures required by Standard Audit Procedures
- 3.7 The audit firm shall prepare the following general audit reports and financial statements:
- 3.7.1 CAFR, including auditor report
Fifteen (15) copies and one (1) .pdf file due no later than the second week of June barring any delay caused by the City.
Draft including, at a minimum, core City financial statements (excluding component units) to be provided by June 1.

SCOPE OF WORK (cont)

- 3.7.2 Single Audit Report, including auditor reports
Fifteen (15) copies due no later than June 30
- 3.7.3 Other Post Employment Benefits Trust Fund
Twenty (20) copies with a desired due date of June 30
- 3.7.4 Employee's Retirement System standalone report
Twenty (20) copies due no later than May 31
- 3.7.5 Detailed Audit Work Plan – Each year of the contract, the audit firm shall provide the City of Kalamazoo with (a) detailed audit work plan to meet the required dates for the financial reports and (b) a list of all work papers/schedules to be prepared by the City.
- 3.7.6 Field Work – The City will have records, work papers, and staff available to meet with the audit firm by a date mutually agreed upon. Typically, prior-year books are substantially closed and ready for audit by early April each year. The audit firm shall complete all field work by a date mutually agreed upon based on the requirement dates of the financial reports.
- 3.7.7 The City will have staff available for explanations and to provide any further documentation needed throughout the course of the audit field work and for any follow-up needed. Information Technology staff will be made available at scheduled times for assistance with the City's software and/or hardware. The City of Kalamazoo will provide work space, tables, and chairs. Audit firm staff will be provided with access to a fax machine, copier, and at least one telephone line and computer for system access for audit-related functions.
- 3.7.8 Draft Reports – It is desired that the audit firm provide drafts of both individual fund and government-wide statements core financial statements, upon the completion of field work, to expedite the Budget and Accounting Manager's review process and approval of the final draft. The final draft reports are to be provided to the City by a date mutually agreed upon based on the requirement dates of the financial reports.
- 3.7.9 Final Reports - The audit firm is expected to provide the specified number of copies of each report [contained in this section (3.7)] by dates mutually agreed upon based on the requirement dates of the financial reports.
- 3.7.10 Wrap-up Meeting/Commission Presentation – Senior Staff members of the audit firm/audit team are expected to be available for an (a) audit wrap-up meeting with senior management and (b) for a presentation to the City Commission regarding the audit outcome and process, the date(s) of which will be mutually agreed upon. City Commission meetings take place on Mondays at 7:00 p.m.
- 3.7.11 Manner of Payment - Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

4. **SPECIAL CONSIDERATIONS**

- 4.1 The City will send its CAFR to the Government Finance Officers Association (GFOA) of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will not be required to provide special assistance to meet the requirements of that program.
- 4.2 The City currently anticipates it will prepare one or more official statements in connection with the sale of debt securities, which will contain the general purpose financial statements and the auditor's report thereon. The audit firm will be expected to consent, in writing, to the use of the City's audited financial statements in the official statement, if requested by the City, the City's financial advisor, and/or the underwriter. Any fees incurred by the audit firm in connection with the procedures undertaken to give its consent will be negotiated at such time.
- 4.3 The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls, are not to be included in the comprehensive annual financial report but are to be issued separately.
- 4.4 The City received no material weakness or significant deficiency findings in 2018.
- 4.5 All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the audit firm is notified in writing of the need to extend the retention period. The audit firm will be required to make working papers available, upon request, to the following parties or their designees:
 - City of Kalamazoo
 - All granting agencies
 - U.S. General Accounting Office
 - Parties designated by the federal government or State of Michigan or City of Kalamazoo as a part of a quality review process
 - Auditors of entities of which the City of Kalamazoo is a recipient or subrecipient of grant funds.

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

5. **PROPOSAL REQUIREMENTS**

5.1 Technical Proposal

A. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Kalamazoo in conformity with the requirements of this request for proposals. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

PROPOSAL REQUIREMENTS (cont)

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

The Technical Proposal should address all the points outlined in this request for proposals (excluding any cost information, which should only be included in the sealed dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items B. through J. must be included. They represent the criteria against which the proposal will be evaluated.

B. Independence

The firm should provide an affirmative statement that is independent of the City of Kalamazoo as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards*. The firm also should provide an affirmative statement that it is independent of all component units of the City of Kalamazoo as defined by those same standards.

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

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

C. License to Practice in the State of Michigan

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

D. Firm Qualifications and Experience

The proposer should state (a) the size of the firm, (b) the size of the firm's governmental audit staff, (c) the location of the office from which the work on this engagement is to be performed, and (d) the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

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

PROPOSAL REQUIREMENTS (cont)

E. Partner, Supervisory and Staff Qualifications and Experience

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

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

The proposer should identify the extent to which staff to be assigned to the audit reflect the City of Kalamazoo's commitment to Affirmative Action.

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

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City of Kalamazoo, which retains the right to approve or reject replacements.

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

F. Prior Engagements with the City of Kalamazoo

List separately all engagements within the last five years, ranked on the basis of total staff hours, for the City of Kalamazoo by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

G. Similar Engagements With Other Government Entities

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

H. Availability of Drafts During Course of Audit

Please specify how early in the audit process and how often drafts of the financial statements, either hard copy or electronic, would be made available to the City for review.

PROPOSAL REQUIREMENTS (cont)

I. Identification of Anticipated Potential Audit Problems

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

J. Report Format

The proposal should include sample formats for required reports.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

5.2 Sealed Dollar Cost Bid (Proposal and Award pages 2 - 4)

Submit the cost proposal on Pages 2 – 4 in a separate sealed envelope with your proposal submission.

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

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

The completed, sealed dollar cost bid should include the following information:

5.2.1 Name of firm

5.2.2 A schedule of professional fees and expenses, presented in the format provided in page 2, that supports the total all-inclusive maximum price for the 2019 engagement. The price will cover all audit costs and out-of-pocket expenses.

5.2.3 The total all-inclusive maximum price for subsequent years 2020 through 2023.

5.2.4 The total all-inclusive maximum price for 2019-2023 broken down by nature of the service to be provided, as presented in the format provided on page 3.

5.2.5 A schedule of professional fees and expenses for potential other professional services for the City of Kalamazoo that outlines both your standard hourly rate, as well as the hourly rate you are quoting the City for the contract years, as presented in the format provided on page 4. If it should become necessary for the City of Kalamazoo to request the audit firm to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City of Kalamazoo and the firm. Any such additional work agreed to between the City of Kalamazoo and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5.2.6 A properly executed signature page as provided on page 5.

6. EVALUATION PROCEDURES

6.1 Review of Proposals

The City will review each proposal and select the most qualified proposals based on the criteria outlined in Section III, #5.1, Technical Proposal, Items A. through J. Once qualified firms have been selected, the sealed dollar cost bid for each selected firm will be opened. A final recommendation will be made upon the best combination of qualifications and price.

The City of Kalamazoo reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal was selected.

The City will evaluate the technical responses based upon the following criteria, which include but are not limited to:

- Firm's experience
- Staff's qualifications and experience
- Municipal government external auditing experience
- Capacity of firm in terms of number of employees and capability to provide the services requested
- Experience with audits similar in size to City of Kalamazoo
- Protection of independent relationship and objectivity as impacted by previous auditing and consulting engagements with the City
- Location of firm

6.2 Oral Presentations

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

6.3 Final Selection

The City Commission will select a firm based upon the recommendation of the Review Team, as endorsed by the audit committee, or similarly created committee.

6.4 Right to Reject Proposals

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 Kalamazoo and the firm selected.

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

7. CONTACT INFORMATION

The City's 2018 CAFR and 2019 Budget are available on the Finance Department page of the City's website at <https://www.kalamazoocity.org/management>. All inquiries about the proposed audit contract should be directed to:

Jennifer Clark, Accounting and Budget Division Manager
City of Kalamazoo Management Services
241 W. South St.
Kalamazoo, MI 49007
Telephone: (269) 337-8783
Email: clarkj@kalamazoocity.org

Questions regarding the proposal requirements or bid selection process should be directed to Craig Hull, Buyer at 269-337-8444.

SECTION IV INDEMNITY AND INSURANCE

Contractor, or any of their subcontractors, shall not commence work under this contract until they have obtained the insurance required under this paragraph, and shall keep such insurance in force during the entire life of this contract. All coverage shall be with insurance companies licensed and admitted to do business in the State of Michigan and acceptable to the City of Kalamazoo within ten (10) days of the Notice of Award. The requirements below should not be interpreted to limit the liability of the Contractor. All deductibles and SIR's are the responsibility of the Contractor.

The Contractor shall procure and maintain the following insurance coverage:

Workers' Compensation Insurance including Employers' Liability Coverage, in accordance with all applicable statutes of the State of Michigan.

Commercial General Liability Insurance on an "Occurrence Basis" with limits of liability not less than \$1,000,000 per occurrence and aggregate. Coverage shall include the following extensions: (A) Contractual Liability; (B) Products and Completed Operations; (C) Independent Contractors Coverage; (D) Broad Form General Liability Extensions or equivalent, if not already included and (E) XCU coverage if the nature of the contract requires XC or U work.

Automobile Liability including Michigan No-Fault Coverages, with limits of liability not less than \$1,000,000 per occurrence, combined single limit for Bodily Injury, and Property Damage. Coverage shall include all owned vehicles, all non-owned vehicles, and all hired vehicles.

Additional Insured: Commercial General Liability and Automobile Liability, as described above, shall include an endorsement stating that the following shall be *Additional Insureds*: The City of Kalamazoo, all elected and appointed officials, all employees and volunteers, all boards, commissions, and/or authorities and board members, including employees and volunteers thereof. It is understood and agreed that by naming the City of Kalamazoo as additional insured, coverage afforded is considered to be primary and any other insurance the City of Kalamazoo may have in effect shall be considered secondary and/or excess.

To the fullest extent permitted by law the Contractor agrees to defend, pay on behalf of, indemnify, and hold harmless the City of Kalamazoo, its elected and appointed officials, employees, agents and volunteers, and others working on behalf of the City of Kalamazoo against any and all claims, demands, suits, or loss, including all costs connected therewith, and for any damages which may be asserted, claimed, or recovered against or from the City of Kalamazoo, by reason of personal injury, including bodily injury or death and/or property damage, including loss of use thereof, which arises out of, or is in any way connected or associated with this contract.

Cancellation Notice: All policies, as described above, shall include an endorsement stating that it is understood and agreed that thirty (30) days, or ten (10) days for non-payment of premium, Advance Written Notice of Cancellation, Non-Renewal, Reduction, and/or Material Change shall be sent to: City of Kalamazoo, Purchasing Division, 241 W. South Street, Kalamazoo, MI 49007.

Proof of Insurance Coverage: The Contractor shall provide the City of Kalamazoo at the time that the contracts are returned by him/her for execution, or within 10 days of Notice of Award, whichever is earlier, a Certificate of Insurance as well as the required endorsements. In lieu of required endorsements, if applicable, a copy of the policy sections where coverage is provided for additional insured and cancellation notice would be acceptable. Copies or certified copies of all policies mentioned above shall be furnished, if so requested.

INDEMNITY AND INSURANCE
Continued

If any of the above coverages expire during the term of this contract, the Contractor shall deliver renewal certificates and/or policies to City of Kalamazoo at least ten (10) days prior to the expiration date.

Scope of Coverage: The above requirements and conditions shall not be interpreted to limit the liability of the Contractor under this Contract, but shall be interpreted to provide the greatest benefit to the City and its officers and employees. The above listed coverages shall protect the Contractor, its employees, agents, representatives and subcontractors against claims arising out of the work performed. It shall be the Contractor's responsibility to provide similar insurance for each subcontractor or to provide evidence that each subcontractor carries such insurance in like amount prior to the time such subcontractor proceeds to perform under the contract.

SPECIAL INSURANCE REQUIREMENTS

The selected Consultant/Professional Firm shall provide additional insurance coverage as follows:

- A. Comprehensive professional (errors and omissions) liability insurance with limits no less than \$500,000 aggregate which shall insure against acts which are in the nature of professional services performed by architects and engineers. If a contract is entered into, the Firm shall maintain such insurance during the life of the contract.

SECTION V TERMS AND CONDITIONS

1. AWARD OF CONTRACT

- A. The contract will be awarded to that responsible proposer whose proposal, conforming to this solicitation, will be most advantageous to the City according to the criteria outlined herein. The City reserves the right to accept or reject any or all proposals and waive informalities and minor irregularities in proposals received.
- B. Notification of award will be in writing by the Purchasing Manager. Upon notification, the Consultant/ Professional Firm (hereinafter Firm) shall submit to the Purchasing Division all required insurance certificates and such other documentation as may be requested or required hereunder. Upon their receipt and subsequent approval by the City, the Purchasing Manager will forward to the Firm a written **NOTICE TO PROCEED**. Work shall **NOT** be started until such **NOTICE TO PROCEED** is received by the Firm.
- C. Unilateral changes in proposal prices by the proposer shall not be allowed. However, the City, at its sole option, reserves the right to negotiate with proposers.

2. REQUEST FOR PROPOSAL AS CONTRACT

Should modifications (after proposal opening) NOT be necessary; this Request for Proposal (RFP) will be executed as the contract. In the event modifications of any nature do occur, a separate agreement shall be negotiated containing mutually agreeable terms and conditions from this Request for Proposals and any addenda.

3. SUBCONTRACTORS - NON ASSIGNMENT

Proposers shall state in writing any and all sub-contractors to be associated with this proposal, including the type of work to be performed. The Firm shall cooperate with the City of Kalamazoo in meeting its commitments and goals with regard to maximum utilization of minority and women-owned business enterprises.

The Firm hereby agrees and understands that the contract resulting from this proposal shall not be transferred, assigned or sublet without prior written consent of the City of Kalamazoo.

4. TAXES

The City of Kalamazoo is exempt from all federal excise tax and state sales and use taxes. However, depending upon the situation, the vendor or Firm may not be exempt from said taxes and the City of Kalamazoo is making no representation as to any such exemption.

5. INVOICING

All original invoice(s) will be sent to the Finance Division, 241 W. South Street, Kalamazoo, MI 49007 or via email at apinvoice@kalamazoo.org. Faxed copy of invoice(s) will not be accepted, unless it is to replace an original invoice that was lost in the mail. The Finance Division processes payments after receipt of an original invoice from the Contractor and approval by the department.

INVOICING (cont)

The City of Kalamazoo policy is to pay invoice(s) within 30 days from the receipt of the original invoice, if the services or supplies are satisfactory and the proper paperwork and procedures have been followed. In order to guarantee payment to the vendor on a timely basis, the vendor needs to receive a purchase order number before supplying the City of Kalamazoo with goods or services. All original, and copies of original invoice(s), will clearly state which purchase order they are being billed against.

The City of Kalamazoo is a government municipality and therefore is tax exempt from all sales tax. Our tax exempt number is 38-6004627.

The vendor is responsible for supplying the Finance Division with a copy of their W-9 if they are providing a service to the City of Kalamazoo.

6. PAYMENTS

Unless otherwise specified by the City in this proposal, the Firm will be paid in not more than thirty (30) days after receipt of a properly executed invoice, the sum stipulated herein for service rendered and accepted. Payments are processed by the Budget and Accounting Division after receipt of an original invoice from the Firm and approval by the department.

7. CHANGES AND/OR CONTRACT MODIFICATIONS

The City reserves the right to increase or decrease services or requirements, or make any changes necessary at any time during the term of this contract, or any negotiated extension thereof. Price adjustments due to any of the foregoing changes shall be negotiated and mutually agreed upon by the Firm and the City.

Changes of any nature after contract award which reflect an increase or decrease in requirements or costs shall not be permitted without prior approval by the Purchasing Manager. City Commission approval may also be required. **SUCH CHANGES, IF PERFORMED IN ADVANCE OF PURCHASING MANAGER APPROVAL, MAY BE SUBJECT TO DENIAL AND NON-PAYMENT.**

8. LAWS, ORDINANCES AND REGULATIONS

The Firm shall keep itself fully informed of all local, state and federal laws, ordinances and regulations in any manner affecting those engaged or employed in the work and the equipment used. The Firm and/or employees shall, at all times, serve and comply with such laws, ordinances and regulations.

Any permits, licenses, certificates or fees required for the performance of the work shall be obtained and paid for by the Firm.

This contract shall be governed by the laws of the State of Michigan.

9. **RIGHT TO AUDIT**

The City or its designee shall be entitled to audit all of the Firm's records, and shall be allowed to interview any of the Firm's employees, throughout the term of this contract and for a period of three years after final payment, or longer if required by law, to the extent necessary to adequately permit evaluation and verification of:

- A. Firm's compliance with contract requirements,
- B. Compliance with provisions for pricing change orders, invoices or claims submitted by the Firm or any of their payees.

10. **HOLD HARMLESS**

If the negligent acts or omissions of the Contractor/Vendor or its employees, agents or officers, cause injury to person or property, the Contractor/Vendor shall indemnify and save harmless the City of Kalamazoo, its agents, officials, and employees against all claims, judgments, losses, damages, demands, and payments of any kind to persons or property to the extent occasioned from any claim or demand arising therefrom.

11. **DEFAULT**

The City may at any time, by written notice to the Firm, terminate this contract and the Firm's right to proceed with the work, for just cause, which shall include, but is not limited to the following:

- A. Failure to provide insurance and bonds (when called for), in the exact amounts and within the time specified or any extension thereof.
- B. Failure to perform the services within the time specified herein, or any extension thereof.
- C. Failure to make progress if such failure endangers performance of the contract in accordance with its terms.
- D. Failure to perform in compliance with any provision of the contract.
- E. **Standard of Performance** - Firm guarantees to perform the services rendered herein in accordance with the accepted standards of the industry or industries concerned herein, except that if the specifications call for higher standards, then such higher standards shall be provided.

Upon notice by the City of the Firm's failure to comply with such standards or to otherwise be in default of this contract in any manner following the Notice to Proceed, the Firm shall immediately remedy said defective performance in a manner acceptable to the City. Should the Firm fail to immediately correct said defective performance, said failure shall be considered a breach of this contract and grounds for termination of the same by the City.

In the event of any breach of this contract by the Firm, the Firm shall pay any cost to the City caused by said breach including but not limited to the replacement cost of such services with another Firm.

The City reserves the right to withhold any or all payments until any defects in performance have been satisfactorily corrected.

In the event the Firm is in breach of this contract in any manner, and such breach has not been satisfactorily corrected, the City may bar the Firm from being awarded any future City contracts.

DEFAULT (cont)

- F. All remedies available to the City herein are cumulative and the election of one remedy by the City shall not be a waiver of any other remedy available to the City, either listed in this contract or available by operation of law.

12. INDEPENDENT CONTRACTOR

At all times the Firm, any of its employees, or its sub-contractors, and their subsequent employees shall be considered independent contractors and not as City employees. The Contractor shall exercise all supervisory control and general control over all workers' duties, payment of wages to Contractor's employees and the right to hire, fire and discipline their employees and workers. As an independent contractor, payment under this contract shall not be subject to any withholding for tax, social security or other purposes, nor shall the Contractor or its employees be entitled to City paid sick leave, pension benefit, vacation, medical benefits, life insurance or workers' unemployment compensation or the like.

13. CITY'S RESPONSIBILITIES

The City agrees to provide full, reliable information regarding its requirements for the Project and, at its expense, shall furnish the information, surveys and reports, if any, as described in the specifications. In addition, the City agrees to provide, at its expense and in a timely manner, the cooperation of its personnel and such additional information with respect to the Project as may be required from time to time, to be provided by the City for the performance of the Firm's work.

14. TERMINATION

This Agreement may be terminated by either the City or the Firm by giving written notice at least thirty (30) days prior to the date of termination.

- A. In the event of such termination by the Firm, the City, together with any other remedies which are legally available, may withhold any subsequent payment due under this agreement until such time as the services required to be performed under this Agreement have been completed by the City or another firm. In the event the City incurs additional expenses caused directly or indirectly by the termination of this Agreement, together with such other remedies as are legally available, the City shall be entitled to deduct such expenses from any unpaid amount due to the Firm under this agreement.
- B. In the event of such termination by the City, the City shall pay the Firm for services and reimbursable expenses performed or incurred prior to the termination date plus all costs and expenses directly attributable to such termination for which the Firm is not otherwise compensated.

15. USE OF DOCUMENTS

- A. Provided to the City:

All plans, drawings and specifications provided to the City under this Agreement shall become property of the City, and shall be deemed public records as required by Michigan law. The City shall be entitled to use such documents for its own municipal purposes only, and shall have no authority to sell them at a profit to any third party. Any use of such documents by the City for municipal purposes not related directly or indirectly to the scope of the services provided for by this Agreement shall create no liability for the Firm, and the City agrees to indemnify and hold the Firm harmless from any and all reasonable damages, losses, attorney fees, costs, and/or reasonable expenses which the firm may incur as a result of such use by the City.

USE OF DOCUMENTS (cont)

B. Provided by the City:

All digital data derived from the City of Kalamazoo’s Geographic Information System (GIS), Computer Aided Design (CAD) software, and the Global Positioning System (GPS) provided to the consultant for the purpose of this contract shall remain the property of the City of Kalamazoo. This contract limits the use of this digital data for the purpose of fulfilling the goals of this contract. Failure to comply can result in the termination of the contract and the removal of the contractor’s name from future bid lists. Examples of digital data from GIS/CAD/GPS may include, but are not limited to; orthophotography, topographic contours, parcel/lot lines, street centerlines, utilities, hydrography, wells, zoning, building footprints, neighborhood boundaries, census tracts and blocks, voting districts, and school district boundaries.

16. CONFLICT OF INTEREST

The Firm shall not be allowed to work as a contractor or sub-contractor on any project within the scope of this contract which constitutes a conflict of interest.

17. NO WAIVER

Either party's failure to insist on strict performance of any term or condition of the contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

18. CONTRACT PERIOD, EXTENSIONS, CANCELLATION

- A. The contract shall be in effect for the term stated in the specifications.
- B.. The City may, from time to time, find it necessary to continue this contract on a month-to-month basis only, not to exceed a six (6) month period. Such month-to-month extended periods shall be by mutual agreement of both parties, with all provisions of the original contract or any extension thereof remaining in full force and effect.
- C. All contracts, extensions and cost increases are subject to availability of funds and the approval of the City Commission (if required).
- D. The City reserves the right to cancel the contract due to non-appropriation of funds by the City with thirty (30) days written notice.
- E. Either party may terminate the contract (or any extension thereof) without cause at the end of any twelve (12) month term by giving written notice of such intent at least 60 days prior to the end of said twelve (12) month term.
- F. All notices are in effect commencing with the date of mailing. Written notices may be delivered in person or sent by First Class mail; faxed or emailed to the last known address.
- G. If cancellation is for default of contract due to non-performance, the contract may be canceled at any time (see Item 11, DEFAULT).

APPENDIX A

NON-DISCRIMINATION CLAUSE FOR ALL CITY OF KALAMAZOO CONTRACTS

The Contractor agrees to comply with the Federal Civil Rights Act of 1964 as amended; the Federal Civil Rights Act of 1991 as amended; the Americans With Disabilities Act of 1990 as amended; the Elliott-Larson Civil Rights Act, Act. No. 453, Public Act of 1976 as amended; the Michigan Handicappers Civil Rights Act, Act No. 220, Public Act of 1976 as amended, City Ordinance 1856 and all other applicable Federal and State laws. The Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, sex, age, height, weight, marital status, physical or mental disability, family status, sexual orientation or gender identity that is unrelated to the individual's ability to perform the duties of the particular job or position. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment advertising, layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship.
2. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, sex, age, height, weight, marital status, physical or mental disability family status, sexual orientation or gender identity that is unrelated to the individuals ability to perform the duties of the particular job or position.
3. If requested by the City, the Contractor shall furnish information regarding practices, policies and programs and employment statistics for the Contractor and subcontractors. The Contractor and subcontractors shall permit access to all books, records and accounts regarding employment practices by agents and representatives of the City duly charged with investigative duties to assure compliance with this clause.
4. Breach of the covenants herein may be regarded as a material breach of the contract or purchasing agreement as provided in the Elliott-Larsen Civil Rights Act and City Ordinance 1856.
5. The Contractor will include or incorporate by reference the provisions of the foregoing paragraphs 1 through 4 in every subcontract or purchase order unless exempted by the rules, regulations or orders of the Michigan Civil Rights Commission* and will provide in every subcontract or purchase order that said provision will be binding upon each subcontractor or seller.
6. The Contractor will not preclude a person with a criminal conviction from being considered for employment unless otherwise precluded by federal or state law. (for contracts over \$25,000)

The Elliott-Larson Civil Rights Act, Sec. 202 of Act. No. 453 of 1976 reads in part as follows:

Sec. 202. (1) An employer shall not:

- (a) Fail or refuse to hire, or recruit, or discharge or otherwise discriminate against an individual with respect to employment, compensation, or a term condition or privilege of employment because of religion, race, color, national origin, age, sex, height, weight or marital status.
- (b) Limit, segregate or classify an employee or applicant for employment in a way which deprives or tends to deprive the employee or applicant of an employment opportunity or otherwise adversely affects the status of an employee or applicant because of religion, race, color, national origin, age, sex, height, weight or marital status.
- (c) Segregate, classify or otherwise discriminate against a person on the basis of sex with respect to a term, condition or privilege of employment, including a benefit plan or system.

* Except for contracts entered into with parties employing less than three employees.