

The City of Long Beach

Allegations Raised in Complaint Dated September 7, 2021

Investigation Report

March 2, 2022

Table of Contents

A. Introduction	1
B. City Financial Management Overview	4
C. Findings and Conclusions.....	6
D. Recommendations.....	17
E. Approach	18
F. Timeline	24
G. Detail of Findings.....	25
H. Current State of Investigation	41

Exhibits

- 1 - Kindel Gagan Invoice Listing
- 2 - Davis Group Invoice Listing
- 3 - Kindel Gagan Email Count Per Month Graph
- 4 - Kindel Gagan Email Count Per Month Detailed Listing
- 5 - Davis Group Email Count Per Month Graph
- 6 - Davis Group Email Count Per Month Detailed Listing
- 7 - Kindel Gagan CalPERS Email Count Per Month Detailed Listing

Attachments

- 1 - City Regulations
- 2 - Kindel Gagan Contracting Documents
- 3 - Email Regarding Contracting
- 4 - Kindel Gagan Work Product - CalPERS
- 5 - Kindel Gagan Work Product - Other
- 6 - Davis Group Contracting Documents



March 2, 2022

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Re: Investigation of Allegations Raised in Complaint Dated September 7, 2021

A. INTRODUCTION

1. The City Attorney of the City of Long Beach ("Counsel"), on behalf of the City of Long Beach (the "City",) engaged RSM US LLP ("RSM", "we", "us", "our") effective October 1, 2021 to investigate the allegations raised in a complaint dated September 7, 2021 (the "Complaint").
2. The Complaint was written by a whistleblower (the "Whistleblower")¹ and addressed to Fred Verdugo, Deputy Human Resources Director, Gary Anderson, Principal Deputy City Attorney, and Eric Golz, Sergeant of Financial Crimes Detail for the City. The Complaint contained allegations concerning misappropriation of public funds and contract fraud by City Auditor Laura Doud ("Doud", "City Auditor") related to two City vendors: Kindel Gagan, Inc. ("Kindel Gagan") and Davis Group Consulting, Inc. ("Davis Group").
3. The allegations made by the Whistleblower cover the period between late 2006, "shortly after Ms. Doud's election as the City Auditor", and September 7, 2021, the date of the Complaint ("Period of Allegation"), and are summarized as follows:

Allegation - No Current Kindel Gagan Contract. Illegitimate Scope of Work. Lack of Information on Invoices

- **Complaint Allegation:** The City Auditor misappropriated City funds through contract fraud during the Period of Allegation through payments to Kindel Gagan in the estimated amount of \$1,018,500. There is no current contract agreement with Kindel Gagan which delineates services, terms, and

¹ For confidentiality, the name of the whistleblower will not be named in this report.

deliverables. There is a single two-year contract with Kindel Gagan for 2016 and 2017. Historical contract and scope proposals are not legitimate given that Kindel Gagan does not have the requisite expertise for the proposed services. Monthly invoices contain no information describing the services or hours that were rendered.

- **RSM Conclusion:** RSM was able to substantiate in part the above allegation. RSM did not find clear evidence of misappropriation; however, the manner in which the Kindel Gagan contracts and invoices were documented was lacking in detail and City procurement policies that establish best practices were disregarded. Payments to Kindel Gagan total \$1,036,200 through September 2021. This total includes three additional payments beyond the \$1,018,500 that the Whistleblower estimated. Kindel Gagan invoices were paid through various contractual agreements from 2006 through February 2019. RSM confirmed Kindel Gagan invoices were paid without a contractual agreement for services starting in March 2019 through 2021. Based upon review of Mr. Gagan's professional background, he appears to have the requisite expertise to advise the City Auditor on financial and CalPERS matters as proposed in the 2016 through 2017 contract. RSM confirmed that invoices for Kindel Gagan contain generic descriptions such as 'Professional services' without detail of deliverables or hours worked.

Allegation - No Work is Performed by Kindel Gagan

- **Complaint Allegation:** Payments of \$5,700 or \$6,000 per month were provided to Kindel Gagan without provision of a product or service since 2006.
- **RSM Conclusion:** RSM substantiated that Kindel Gagan received \$5,700 or \$6,000 on a monthly basis since 2006. RSM did not substantiate that payments were provided without provision of product or service. RSM identified work product that was provided to Doud by Kindel Gagan; however, there were periods of time that RSM could not identify written work product. Invoices for Kindel Gagan contain generic descriptions such as 'Professional services' without detail of deliverables or hours worked. Therefore, it is not possible to determine the reasonableness, appropriateness, applicability of the work, or the fairness of the cost to the City for the services of Kindel Gagan.

Allegation - Davis Group Illegitimate Scope of Work or Contract

- **Complaint Allegation:** Davis Group, a political campaign consulting firm, received monthly payments of \$3,000 or \$3,600 "for services that are not fully clear" to the Whistleblower or the Whistleblower's colleagues. There is a current contract agreement, but the scope of services is "highly vague and greatly overlaps with the work performed by [the] in-house Communications Director".
- **RSM Conclusion:** RSM was able to substantiate in part the above allegation. The Davis Group primarily received between \$3,000 and \$7,500 on a monthly basis on and off since 2006. RSM identified work product that was provided to Doud by the Davis Group; however, there were periods of time that RSM could not identify written work product. RSM confirmed there was a contract in place at the time the Whistleblower filed the Complaint with a scope of work that contained generic descriptions such as 'strategic issues management'. Additionally, invoices for Davis Group contain generic descriptions such as 'Professional services' without detail of deliverables or hours worked. Therefore, it is not possible to determine the reasonableness, appropriateness, applicability of the work, or the fairness of the cost to the City for the services of Davis Group. The City Auditor Communications Officer (referred to as the "in-house Communications Director" in the Complaint), was hired by the City Auditor's department in 2015. The scope of services outlined in the Davis Group statement of work from 2019 through 2021 appear to overlap with the duties of the City Auditor Communications Officer.

Allegation - Circumvention of Internal Controls

- **Complaint Allegation:** The City Auditor has overridden internal controls and evaded City procurement policies to execute payments by requesting that City staff run each invoice through the system as one-time payments instead of ongoing payments tied to a contract agreement. Many of the City Administrative Regulations are optional to elected offices.
- **RSM Conclusion:** RSM substantiated that Kindel Gagan was paid through one-time payments since 2019. RSM confirmed that the City Auditor disregarded City procurement policies; however she did not override City internal controls because compliance with City regulations is requested and not required for the City Auditor. Best practices would require the City Auditor to follow policies and ensure regulations are up to date and being followed.

Refer to section **Detail of Findings** for additional documentation regarding allegations and RSM's findings.

Doud Background

4. Doud was elected as the City Auditor of the City of Long Beach in 2006 and has served consecutive terms since then. Doud remains the current City Auditor as of the date of this report.

Kindel Gagan Background

5. Kindel Gagan is a Los Angeles-based public affairs and lobbying firm.² Prior to February of 2010, Kindel Gagan was known as GCG Rose & Kindel (collectively, "Kindel Gagan"). The City began paying invoices received through the City Auditor's Office from GCG Rose & Kindel in December of 2006. The City has paid a total of \$1,036,200 to Kindel Gagan from December 2006 through September of 2021.³ Michael Gagan ("Gagan") is a partner at Kindel Gagan. Gagan and Doud met when they were both working for the Water Replenishment District in 2003.⁴

Davis Group Background

6. The Davis Group provides consulting services in the areas of strategic planning, public affairs, political consulting, fundraising and public education and outreach.⁵ The City began paying invoices received through the City Auditor's Office from Davis Group in November of 2006. The City has paid a total of \$527,073 to Davis Group from November 2006 through September of 2021.⁶ Rick and Joanne Davis are owners of Davis Group. Per interview of the Davises, they met Doud in late 2005 when she hired Davis Group for her 2006 campaign for City Auditor.

8. CITY FINANCIAL MANAGEMENT OVERVIEW

7. Per discussion with the City's Financial Management team, for decades prior to April 1, 2019, the City's accounting system was Financial Accounting and Management Information System ("FAMIS") and ADPICS (collectively

² <https://kindelgagan.com/about/>

³ Refer to **Exhibit 1** for a detailed listing of Kindel Gagan invoices.

⁴ Per interview of Gagan and Doud

⁵ <https://www.linkedin.com/in/rick-davis-52813514/>

⁶ Refer to **Exhibit 2** for a detailed listing of Davis Group invoices.

"FAMIS/ADPICS"). Munis has been the City's financial and purchasing system of record since April 1, 2019. Simpler is the City's auxiliary financial reporting system for both FAMIS/ADPICS and Munis.

8. Prior to April 1, 2019, a contractual agreement in the City's financial system was referred to as a Blanket Purchase Order ("BPO"); it is currently referred to as a Munis Contract (collectively "BPO/Munis Contract"). Scopes of work ("SOW") are prepared by the vendor. The terms and description of work in the SOW are typically included in the BPO/Munis Contract. A Purchasing Request Form documents information regarding the requesting department, vendor, bid or RFP (Q), and terms of the request. The Vendor Selection Form is a newer version of the Purchasing Request Form (collectively "Vendor Request Form").
9. Per discussion with the City's Financial Management team, there are four procurement methods in the City's financial system including the following:
 - Establish a BPO/Munis Contract , initiate a purchase order ("PO") associated with the BPO/Munis Contract, and record the invoice under the PO
 - Establish a BPO/Munis Contract and record the invoice without initiating a PO
 - Without establishing a BPO/Munis Contract, initiate a PO and record the invoice under the PO
 - Process an invoice without a BPO/Munis Contract or a PO ("Direct Payment")
10. Purchase orders or BPO/Munis Contracts under \$25,000 are made at City departments' discretion and do not go through the City's Financial Management group. City departments have the option to choose a BPO/Munis Contract or a PO when making a purchase.
11. Per the City's Procurement Basics Booklet dated April 17, 2019, purchases between \$25,000 and \$100,000 require a formal competitive process; however, "an exception to policy justifications can be submitted with a request to waive the competitive process requirement on the Vendor Selection Form".
 - A. City conformed contract is required under the following circumstances:
 - A purchase over \$100,000 that went through a competitive procurement process with less than three vendor responses or with a protest. Purchase must be approved by City Council.

- A purchase over \$200,000 that went through a competitive procurement process with three vendor responses and no protests. Purchase must be approved by City Council.
 - Exceptions to policy must be approved by City Council.
13. The migration from FAMIS/ADPICS to Munis included retaining historical PDF invoices from vendors back to October 2010 within Simpler. The migration also included importing BPOs and POs that were open during the implementation of Munis, had a balance greater than zero, and the vendor had payment activity from October 1, 2015 or later. FAMIS/ADPICS maintains an electronic record of POs and BPOs going back to 1998. The electronic record contains a display of the terms of the documents but does not include a PDF of the hard-copy records.
14. Per Article III. City Manager of the City Charter, "The City Manager shall be responsible for the administration of all departments except the City Attorney, City Auditor, City Prosecutor, Civil Service Department, Legislative Department, Harbor Department and Water Department". Accordingly, the City Manager cannot require these departments to comply with City regulations. Per review of AR's listed in **Approach** section, we noted the regulations contained a scope section that states the following:

"This regulation is applicable to City departments and offices directly responsible to the City Manager. In the interest of uniformity, effectiveness and completeness, it is requested that elective offices and other independent offices, commissions, boards and departments also comply with this regulation."

C. FINDINGS AND CONCLUSIONS

15. Refer to **Table 1** for a summary of payments by calendar year from the City to Kindel Gagan and Davis Group.

TABLE 1 -Vendor Invoices By Year

	[aJ]	[bJ]	[cJ]=[a+ bJ]	[dJ]	[eJ]	[t]	[gJ]=[c + eJ]
	KINDEL GAGAN				DAVIS GROUP		KINDEL GAGAN AND DAVIS GROUP
Year	GCG ROSE &KINDEL	KINDEL GAGAN, INC	KINDEL GAGAN TOTAL	KINDEL GAGAN PROCUREMENT	DAVIS GROUP TOTAL	DAVIS GROUP PROCUREMENT	GRAND TOTAL
2006	\$6,000	\$-	\$6,000	BPO and POs	\$17,500	BPO and POs	\$23,500
2007	66,000	-	66,000	BPO and POs	59,900	BPO and POs [DJ]	125,900
2008	72,000		72,000	BPO and POs	97,500	BPO and POs	169,500
2009	71,400	-	71,400	BPO and POs	27,618	BPO and POs [EJ]	99,018
2010	17,100	62,700	79,800	BPO and POs	12,500	BPO and POs	92,300
2011	-	74,100	74,100	BPO and POs	-	[FJ]	74,100
2012		62,700	62,700	BPO and POs [AJ]	36,000	BPO and POs	98,700
2013	-	74,100	74,100	BPO and POs [BJ]	84,555	BPO and POs [GJ]	158,655
2014		64,700	64,700	POs	74,500	POs	139,200
2015	-	72,100	72,100	POs	24,000	POs	96,100
2016		68,400	68,400	BPO and POs		[FJ]	68,400
2017	-	68,400	68,400	BPO and POs	-	[FJ]	68,400
2018		62,700	62,700	POs		[FJ]	62,700
2019	-	74,100	74,100	Direct Payments [CJ]	33,000	Munis Contract and POs [HJ]	107,100
2020		68,400	68,400	Direct Payments	36,000	Munis Contract and POs	104,400
2021	-	51,300	51,300	Direct Payments	24,000	Munis Contract and POs	75,300
Total	\$232,500	\$803,700	\$1,036,200		\$527,073		\$1,563,273

Refer to documentation below for notations [A] through [H] in Table 1 above:

[A] Two invoices (1175 and 1217) in the total amount of \$11,400 were processed with a PO without an associated BPO; the remainder of invoices paid during the year were processed with POs associated with a BPO. Per review of the notes on the electronic record of the PO within FAMIS/ADPICS, invoices 1175 and 1217 are described as 'Professional services for month of October 2012' and 'Professional services for month of November 2012', respectively. Although these invoices are not associated with a specific BPO, RSM notes the terms of BPO

(BPAU12000008) from October 2012 through 2013 with a contract amount of \$68,400 would cover the invoices.

[B] Three invoices (1629, 1658, and 1708) in the total amount of \$17,100 for services from October to December 2013 were processed with a PO without an associated BPO; the remainder of invoices paid during the year were processed with POs associated with a BPO.

[C] Three invoices (4804, 4854, and 4755) in the total amount of \$17,100 for services from December 2018 through February 2019 were processed with a PO without an associated BPO; the remainder of invoices paid during 2019 and in subsequent years were processed by Direct Payments.

[D] One invoice (AU7-83DT1 SEP07) in the amount of \$4,900 was processed with a PO without an associated BPO. Per review of the notes on the electronic record of the PO within FAMIS/ADPICS, the invoice is for a one-time payment with description 'Fraud hotline television public service announcement'. The remainder of invoices paid during the year were processed with a BPO and POs.

[E] One invoice (AU109SVS.10/09) in the amount of \$2,600 was processed with a PO without an associated BPO. The notes on the electronic record of the PO within FAMIS/ADPICS contain a description 'For work on Los Cerritos wetlands, towing & media interviews'. RSM notes check #00858268 in the amount of \$7,500 pays for invoices AU0997SVS.9/09 and AU109SVS.10/09; however, the voucher amounts for the invoices are \$2,300 and \$2,600, respectively, for a total of \$4,900, which is \$2,600 less than the check. The remainder of invoices paid during the year were processed with a BPO and POs.

[F] Davis Group did not have any invoices during this period, and it is our understanding that there was no work provided by Davis Group in these periods.

[G] The first six invoices paid during the year in the total amount of \$36,000 were processed with a BPO and POs. The remaining invoices in the total amount of \$48,555 in the year were processed with a PO without an associated BPO.

[H] Invoices paid during the first nine months of the year in the total amount of \$21,000 were processed with a PO without a BPO/Munis Contract. The remaining

invoices paid during the year were processed with a PO with an associated Munis Contract.

16. Per discussions with the Financial Management team, City departments are authorized to approve invoices for disbursement which are then reviewed by accounting/accounts payable. The accounting team verifies that the invoice has been approved and assigned to the correct general ledger account; however, there is no check for proper purchasing controls. The Financial Management team states this is true regardless of whether the invoice is associated with the department of an elected official. Per Financial Management, the check for proper purchasing controls should happen within the department making the purchase. Financial management provides training to City departments on proper purchasing controls. We obtained sign-in sheets for the Procurement Basics training from February 7 through April 4, 2019 and noted 5 instances in which an employee from the City Auditor's office attended the training. Additionally, per the City Charter Sec. 804. - Disbursements Audit, the City Auditor is responsible for reviewing "all systems and procedures for the disbursement of City funds... to insure [sic] that such disbursements are made in accordance with applicable laws, regulations and policies".
17. The description of services listed on the latest BPO with Kindel Gagan is 'Professional services for monitoring, analysis and reporting on CalPERS & other retirement legislation, budget documents and other financial analysis for the City of Long Beach'. Per review of work products⁷ and interview of Gagan, Gagan's services for Doud expanded to areas outside of the defined services such as advising Doud on matters relating to the Medical Marijuana Task Force, City Civic Center City Project, reviewing audit reports from the City Auditor's office, and other matters as requested by Doud. Additionally, SOWs submitted by Gagan and Davis Group lack specific due dates or deliverables.
18. City AR 23-2 states that invoices must contain complete information. Invoices for both Kindel Gagan and Davis Group did not conform to the AR or adhere to best practices; invoices for both vendors contain generic invoice descriptions such as 'Professional services' without detail of deliverables or hours worked. Therefore, it is not possible to determine the reasonableness, appropriateness, applicability

⁷ Refer to section **Allegation - No Work is Performed by Kindel Gagan** for a sample of work product.

of the work, or the fairness of the cost to the City for the services of Kindel Gagan and Davis Group.

19. Doud states that documentation of Kindel Gagan and Davis Group's work is located in Doud's City email account and her personal Yahoo account. Doud confirmed that she did not transfer the work product of either Kindel Gagan or the Davis Group to the City's network; therefore, the work performed by both vendors would not be readily available to anyone at the City except Doud. We note this practice does not adhere to the following ARs that establish best practices for the City:

- AR 8-30, which is required to be read and signed by employees but not required of elected officials, discusses the use of City technology, equipment, and resources. The AR states that "E-mails that document substantive City Business need to be retained according to the retention period associated with the function of the e-mail documents, pursuant to the department's records retention policy and preserved and transferred to an appropriate storage format."
- **AR 8-36** discusses the use of personal electronic devices for City business and stipulates the following:
 - Limited use of a private device for public business is permissible, but not encouraged.
 - When circumstances require such person to conduct City business on a personal account, the City official should copy ("cc") any communication to their City electronic messaging account or forward the communications to the City account as soon as feasible.
 - Unless the City official has cc'd or transmitted the electronic communications involving City business, that City official must retain all electronic communications. In some circumstances, it is a crime in the State of California to willfully destroy, alter, or falsify a public record that is required to be kept by the City for official City business purposes.
 - The City email system is to be used as a convenient and efficient method of communicating transitory information in electronic format and not for the storage of City records that are required to be kept in accordance with the City's records retention policies, the Municipal Code or State law. Documents that are meant to be maintained as City records should be transferred from City email or personal account or devices to the

appropriate Department or City electronic or "hard copy" record keeping system, as appropriate.

- o Failure of a City official to abide by the policy may result in one or more of the following: censure, revocation of electronic device privileges, or judicial enforcement by the party making the Public Records Act Request.

20. Additionally, we reviewed the March 2, 2017 ruling by the Supreme Court of California stating that "when a city employee uses a personal account to communicate about the conduct of public business, the writings may be subject to disclosure" under the California Public Records Act (CPRA). The City Attorney's office wrote a summary on March 6, 2017 with key takeaways from the Supreme Court ruling. The summary stated, "It is no longer good practice to use private devices or private accounts to conduct City business. If the City receives a PRA asking for Private device or account information the involved official or employee will be asked to search the account or device and provide the communication for review and possible disclosure. In the event of litigation over questions regarding whether the PRA was thoroughly responded to, it is possible that a Court could issue a court order requiring an actual search of the device or account by a third party. It would be good practice to forward all business-related texts or emails to recognized City accounts for ease of search or access in the event of a PRA request".

21. We requested the City run a search of Doud's City email inbox for the entire life of use from the time Doud became City Auditor in July 2006 through the date of the search on December 21, 2021. RSM did not obtain access to Doud's personal Yahoo email account. All references within this report to review of emails relate to Doud's City email account. Through eDiscovery procedures⁸, RSM identified work product⁹ that was provided to Doud by Kindel Gagan and Davis Group; however, there were periods of time with no email exchange between Doud's City email address and either company. We did not identify any email exchange between Kindel Gagan and Doud during September 2016, April 2019, and November 2020 (\$5,700 was billed by Kindel Gagan for each of these three months for a total of \$17,100). We did not identify any email exchange between the Davis Group and Doud in November 2019 and February through April 2020 (\$3,000 was billed by the Davis Group for each of these four months for a total of \$12,000). It was noted

⁸ Refer to section **Approach** for specific eDiscovery procedures performed.

⁹ Refer to section **Allegation - No Work is Performed by Kindel Gagan** for a sample of work products.

in interviews that Doud would also receive services from both vendors via discussions held on the phone. RSM has not reviewed phone records as of the date of this report.

22. Through review of emails, it was noted that Gagan and his wife paid for and took Doud and her husband to an NCAA game in 2018 and Gagan sent Doud flowers in 2016. Per interview of Gagan, Gagan and his wife paid for and took Doud and her husband to an NCAA game as well as a professional baseball game, and Doud and her husband paid for and took Gagan and his wife to two professional baseball games. RSM notes there are no gifts from Gagan listed on Doud's Form 700 filings,¹⁰ which is required to be filed for gifts with a fair market value of \$50 or more.¹¹ The value of the gifts from Gagan to Doud is unknown; however, per the California Fair Political Practices Commission ("FPPC"), State and local officials and employees are prohibited from receiving a gift or gifts totaling more than \$520 in a calendar year from certain sources.¹²
23. City regulations contain scopes stating, "This regulation is applicable to City departments and offices directly responsible to the City Manager. In the interest of uniformity, effectiveness and completeness, it is requested that elective offices and other independent offices, commissions, boards and departments also comply with this regulation."¹³ As an elected official, Doud is not required to comply with City regulations; however, she disregards multiple City regulations, as well as The City Auditor's Guide to Payments, which was prepared by Doud's office in 2008. Refer to section **Allegation - Circumvention of Internal Controls** for further documentation.
24. Additionally, we reviewed audit reports published by Doud in which she makes recommendations to various City entities that she herself does not follow.¹⁴ See a sample of recommendations made by Doud noted from audit reports in **Table 2** below.

¹⁰ <https://www.longbeach.gov/cityclerk/historical-records/public-official-form-700-filings-gov-code-87200/>

¹¹ <https://www.fppc.ca.gov/Form700/text-only-form-700-for-use-with-screen-readers-2018-2019/instructions-for-schedule-d-income-gifts.html>

¹² <https://www.fppc.ca.gov/learn/public-officials-and-employees-rules-gifts-and-honoraria.html>

¹³ Refer to regulations reviewed during this investigation in the **Approach** section below.

¹⁴ <https://www.cityauditorlauradoud.com/reports/>

TABLE 2 - Audit Report Recommendations

Audit Recommendation	Investigation Observation
November 2021 City Auditor's Queen Mary Report	
2.1 Require a competitive project work or document exceptions for specialized work. Define the process for obtaining and considering bids and proposals for work in the lease agreement.	Request Form for Kindel Gagan is for the period of January 1, 2016 through December 31, 2017. There were no other bids received for the work (there was a Statement of Justification submitted for the exception), and there is no documentation of the process for obtaining or considering bids or proposals for the work performed by Kindel Gagan since the 2016-2017 form. The Vendor Request Forms for Davis Group state that the vendor has a history of providing the services and is the only local vendor that can supply the services.
3.1 Require detailed scopes of work to be submitted by all subcontractors. Define the amount of detail to be included.	SOWs provided by both Kindel Gagan and the Davis Group used general terms such as "advise," "assist," "monitor," and "review." Expectations of specific deliverables and the frequency of such deliverables is not defined within the SOWs.
4.2 Develop an invoice form that shows the amount of detail to be included on invoices and what corresponding records should be supplied as back-up.	Invoice descriptions were ambiguous, stating "consultingservices." Additionally, no back-up support was provided to substantiate the services that were billed on each invoice.
December 2018 All American Asphalt Annual Street Improvement Contract Audit	
1.1 Explore projects completed within time constraints, including the use of other City as-needed contracts or contractors in the Job Order Contract program. At a minimum, quotes should be obtained to be able to compare across bidders to ensure lowest pricing is considered.	showing that Doud sought or obtained competitive bids when engaging Kindel Gagan and the Davis Group. The latest Vendor Request Form for Kindel Gagan is for the period of January 1, 2016 through December 31, 2017. There were no other bids received for the work (there was a Statement of Justification submitted for the exception), and there is no documentation of the process for obtaining or considering bids or proposals for the work performed by Kindel Gagan since the 2016-2017 form. The Vendor Request Forms for Davis Group state that the vendor has a history of providing the services and is the only local vendor that can supply the services.
1.2 Finalize scope of work before a project begins.	We identified several instances where invoices from Kindel Gagan and Davis Group were

	being paid by the City in the midst of conversations regarding a finalized SOW.
2.2 Those responsible for review should ensure backup documentation supports the amounts charged and follows all contract specifications.	We noted that the invoice description stated "consulting services" with no detail of time worked or specific documentation provided to support the contracted work.
3.1 Make all price changes official by amending the contract to reflect them. 3.3 Review invoices to ensure agreement between contract and purchase order pricing.	The Kindel Gagan SOW, dated December 17, 2015, identified a monthly retainer of \$5,600 for 24 months equaling a total of \$134,400. Kindel Gagan billed and was paid \$5,700 each month for a total of \$136,800 during this period.
October 17, 2016 Universal Protection Services, LP Contract Administration Audit	
3.1 Policies and developed and training should be provided to staff to ensure that contractual elements, including timing, pricing, and inclusion of all required terms, are executed correctly.	in the amount of \$18,000 for the period January 1 through June 30, 2020 was submitted on June 5, 2020. Through the review of emails, we noted the following: 1) the invoice was originally submitted against an expired 2019 Munis Contract; and 2) the payables department returned the invoice, at which time a new SOW dated January 2020 and Munis Contract with an effective date of January 2020 were created.
October 17, 2016 Allstar Fire Equipment Services, Inc.	
3.2 Ensure all records that support contract payments, invoices, order requests and packaging slips are reviewed prior to authorizing payment and scanned into the City's electronic storage system in order to maintain an adequate audit trail.	We identified minimal supporting documentation that showed services billed by Kindel Gagan and Davis Group aligned with the BPO/Munis Contracts.
July 1, 2016 Utiliworks Consulting, LLC Contract Administration Audit	
1.1 Adhere to City procurement regulations and policies when bidding work. Exceptions to these regulations and policies should be approved by City Manager and City Council and thoroughly documented. 2.1 The written staff report to the City Council should accurately describe what has occurred and how contracts were bid and awarded.	for Kindel Gagan is for the period of January 1, 2016 through December 31, 2017. There were no other bids received for the work (there was a Statement of Justification submitted for the exception), and there is no documentation of the process for obtaining or considering bids or proposals for the work performed by Kindel Gagan since the 2016-2017 form. The Vendor Request Forms for Davis Group state that the vendor has a history of providing the services and is the only local vendor that can supply the services.

<p>4.2 Amendments for services that are significantly different from the original contracts should instead be placed into new contracts.</p>	<p>Per review of work products and interview of Gagan, Gagan's services for Doud expanded to areas outside of the defined services such as advising Doud on matters relating to the Medical Marijuana Task Force, City Civic Center City Project, reviewing audit reports from the City Auditor's office, and other matters as requested by Doud. Additionally, the Davis Group's SOW for October 2020 through September 2021 makes no mention of working on the Queen Mary audit report. However, Doud states that the Davis Group's services, in addition to Kindel Gagan's, were used to advise her on Queen Mary matters.</p>
<p>4.3 Contract terms should be reviewed periodically and managed accordingly to ensure amendments or contract renewals are handled timely to avoid a disruption in service or gap in coverage.</p> <p>5.1 The City should recognize the critical need for good contract oversight and develop a standardized citywide training program on contract administration best practices, which include the establishment of policies and procedures for overseeing contracts. This will provide consistency among the departments and provide staff with much needed guidance in this area.</p>	<p>We identified periods for Kindel Gagan and Davis Group in which both consulting groups continued to invoice and receive payment for services through periods in which the BPO/Munis Contracts were never created or were expired.</p>
<p>June 7, 2016 Graffiti Protective Coatings Contract Audit</p>	
<p>4.3 Do not authorize work to continue performing existing work, unless a valid contract or agreement is in place.</p>	<p>for Kindel Gagan and Davis Group in which both consulting groups continued to invoice and receive payment for services through periods in which the BPO/Munis Contracts were never created or were expired.</p>
<p>May 4, 2016 Shaffer Psychological Institute Contract Audit</p>	
<p>2.2 Work should not be authorized prior to the execution of the contract or any subsequent amendments. In addition, contract execution dates should not be backdated to capture work authorized during a period when no contract or available funding was in place.</p>	<p>As discussed previously, both Kindel Gagan and the Davis Group billed the City and were paid for services during periods in which they did not have BPO/Munis Contracts in place. Through the review of emails, we identified a Davis Group Munis Contract that appears to be backdated. The Munis Contract itself did not contain a creation date, however the emails concerning Munis Contract formation did not</p>

	begin until June of 2020. While the contracted period is for January 2020 through September 2021.
March 1, 2016 The International Center for Management & Organization Effectiveness, Inc.	
2.1 The procedures set out in the Contracting Procedures Manual. Any exceptions or deviations should be explained and documented.	supporting the lack of BPO/Munis Contracts for either Kindel Gagan or the Davis Group. Additionally, one to two sentences were provided as explanation for not obtaining bids or following City procedures for procuring consultants.
2.2 The scope of work in RFPs should address potential additional services that may result in a future amendment to the contract and request pricing proposals from all vendors.	We did not identify any appended pricing proposals on any of the Vendor Request Forms reviewed. The SOW for Kindel Gagan provides an option to extend the term by six months. SOWs for Davis Group do not appear to address potential extensions of work. Additionally, the SOWs do use broad, general, language to describe the work requested
February 11, 2016 ABM Onsite Services-West, Inc.	
1.2 Develop standard policies, documentation to ensure services outlined in the contract are adequately verified by monitoring the Contractor's time worked and tasks performed.	any support that suggested consultant time spent and tasks performed were monitored or verified against the contracts provided.
2.1 Standardize invoice review and payment processes to ensure work that is billed has been verified, that the Contractor is billing in a consistent fashion, and invoice discrepancies are resolved prior to City making payment.	We did not identify any email exchanges that revealed the approving person verified specific work was performed in alignment with the contract. Invoice descriptions were ambiguous by stating only that "consultingservices" were provided. No work product or report of hours spent and tasks performed were appended to the invoices billed to the City.
3.1 When requesting contract authority from the City Council, pricing should mirror the contract. Changes in prices over the term of the contract should be thoroughly explained to provide clarity on the total contract price. 3.2 PO spending authority by department should match the contract. Any changes to allocations should be thoroughly documented.	The SOW submitted by Kindel Gagan, dated December 17, 2015, and Agreement for Consultant Services executed by Gagan and Doud identified a monthly retainer of \$5,600 for 24 months equaling a total of \$134,400. However, the BPO stated an amount of \$136,800 for the period, and Kindel Gagan billed and was paid \$5,700 each month for a total of \$136,800 during this period.

<p>3.6 [Monitoring] of the PO should be centralized and consistent, with the coordinating department ensuring that payments related to the contract are all processed through the corresponding PO.</p>	<p>We identified periods for Kindel Gagan and Davis Group in which both consulting groups continued to invoice and receive payment for services through periods in which the BPO/Munis Contracts were never created or were expired. Additionally, Kindel Gagan has been paid by Direct Payments without a BPO/Munis Contract or a PO since March 2019.</p>
<p>February 1, 2016 Solnovo Contract Audit</p>	
<p>1.1. For as-needed contracts, the prepare a scope-of-work for each project that includes significant elements affecting the success of the project with clear and specific deliverables, milestones and project reporting requirements.</p>	<p>submitted by both Kindel Gagan and the Davis Group utilized general terms for work to be provided including "analyze," "monitor," "review," and "advise." Specific deliverables, milestones, and reporting requirements were not addressed in the SOWs. Elements defining the success of the project were not identified in the SOWs. Specific projects were not addressed in the Davis Group SOWS.</p>
<p>1.2 For as-needed contracts, the City should submit the project scope-of-work to multiple vendors in the pool for proposed pricing to ensure the City is obtaining the best value for the amount paid.</p>	<p>We did not identify documentation that suggests the project scopes were supplied to vendors other than Kindel Gagan and the Davis group. No documentation of bidding or consultation of additional proposals was appended to the identified Vendor Request Forms.</p>
<p>December 21, 2015 Shewak & Lajwanti International Contract Audit</p>	
<p>1.1 Prepare contract sufficient information to ensure the success of the project and include deliverables that are defined, specific and clear.</p>	<p>both Kindel Gagan and the Davis Group utilized general terms for work to be provided including "analyze," "monitor," "review," and "advise." Specific deliverables, milestones, and reporting requirements were not addressed in the SOWs. Elements defining the success of the project were not identified in the SOWs. Specific projects were not addressed in the Davis Group SOWS.</p>

D. RECOMMENDATIONS

Based on our findings and observations, we propose the following regarding the City's accounting, internal controls, and business practices.

25. Ensure City regulations are consistent and up to date. Council members have a procurement policy in place, but all other elected officials should be required to follow City policy or develop a procurement policy for their offices. Additionally, elected officials and relevant staff should be required to be trained on and review City regulations on a yearly basis and sign an acknowledgement of their review.
26. Require contracts with City vendors to be in place prior to the start of work.
27. Require City vendor SOWs to contain detailed descriptions of pricing, timing, and deliverables. Require City vendor invoices to contain sufficient detail of hours worked including a detail of time spent and description of work performed.
28. Add the City Prosecutor's office or City Attorney's office to the fraud hotline for an additional check and balance. The hotline is currently run solely through the City Auditor's office. The deputy city auditor manages the fraud hotline.
29. Conduct periodic testing and review of City Auditor's vendor contracts and transactions.

E. APPROACH

30. Our scope period of analysis commenced in July 2006 and ran through the date of this report ("Scope Period"). The Scope Period was determined based on the dates of first payments to Gagan and Davis Group as well as the date Doud was first elected as the City Auditor.
31. We had discussions with relevant individuals to understand how transactions are initiated, authorized, processed, and accounted for. Refer to **Table 3** for a general listing of individuals with whom we held discussions!¹⁵

¹⁵ Note **Table 3** is not an all-inclusive list of each discussion held, but rather a listing of primary information gathering meetings. This report contains paraphrases of the comments made in discussions and interviews.

TABLE 3 - Investigation Discussions

Date	Meeting Attendees
Monday, November 22, 2021	<ul style="list-style-type: none"> Members of the City Attorney's Office
Tuesday, November 30, 2021	<ul style="list-style-type: none"> Members of the City Financial Management and City Attorney's Office
Monday, December 6, 2021	<ul style="list-style-type: none"> Members of the City Financial Management and City Attorney's Office
Tuesday, December 21, 2021	<ul style="list-style-type: none"> Members of the City Business Information Technology and City Attorney's Office
Thursday, February 17, 2022	<ul style="list-style-type: none"> Members of the City Manager, City Financial Management, and City Attorney's Offices
Thursday, February 24, 2022	<ul style="list-style-type: none"> Members of the City Manager, City Financial Management, and City Attorney's Offices

32. Additionally, we interviewed individuals to understand the nature of the relationship with the vendors, the nature of the services that were provided, and the business purpose as it relates to the City's benefit. Refer to **Table 4** for a listing of interviews.¹⁶

TABLE 4- Investigation Interviews

Date	Interview Attendees
Monday, January 24, 2022	<ul style="list-style-type: none"> Rick Davis, Davis Group Consulting Co-Founder ("R. Davis") Joanne Davis, Davis Group Consulting Co-Founder ("J. Davis")
Wednesday, January 26, 2022	<ul style="list-style-type: none"> Michael Gagan, Kindel Gagan Co-Founder
Wednesday, January 26, 2022	<ul style="list-style-type: none"> Whistleblower <i>Whistleblower's counsel (in attendance at interview)</i>
Tuesday, February 1, 2022	<ul style="list-style-type: none"> Laura Doud, City Auditor <i>Allan Stokke and Kate Corrigan, Attorneys at Law, Corrigan, Welbourn & Stokke, APLC ("Stokke") (in attendance at interview)</i>

¹⁶ This report contains paraphrases of the comments made in interviews. This report has not been shown to, reviewed, signed, approved, or adopted by the interview attendees listed in **Table 4** as of the date of this report. It is not a verbatim recital of all or part of interview attendees' statements during the interviews.

33. The data, documents, and information we requested and reviewed during fieldwork included the following:

- A detailed listing of all Kindel Gagan and Davis Group transactions from 2006 through September 2021
- All contacts (BPO/Munis Contract) with Kindel Gagan and Davis Group available within the City's accounting systems
- All POs for Kindel Gagan and Davis Group available within the City's accounting systems
- FAMIS/ADPICS electronic record of POs and BPOs for Kindel Gagan and Davis Group
- All invoices from Kindel Gagan and Davis Group available within the City's accounting systems
- All SOWs submitted by Kindel Gagan and Davis Group available within the City's accounting systems¹⁷
- All Vendor Request Forms from Kindel Gagan and Davis Group available within the City's accounting systems
- A sample of City bank statements and checks made out to Kindel Gagan and Davis Group
- Email correspondence and associated attachments¹⁸
- Financial Management memo dated September 10, 2021 regarding payment research related to Kindel Gagan and the Davis Group at the request of the City Manager
- Current City Administrative Regulations ("AR"), Financial Policies & Procedures ("FPP"), City Charter, and The City Auditor's Guide to Payments:¹⁹
 - AR 8-4 - Selecting Professional Consultants
 - AR 8-30 - City Technology , Equipment, and Resources
 - AR 8-36 - Use of Electronic Devices and Electronic Communications to Conduct City Related Business
 - AR 23-1 - Request for Direct Payment
 - **AR 23-2** - Receiving Reports and Inspection of Deliveries
 - **AR 23-3** - Procedures for Processing Purchases of \$20,000 (updated by Purchasing Ordinance No. ORD-12-0020)
 - Purchasing Ordinance No. ORD-12-0020

¹⁷ The Whistleblower also provided Kindel Gagan SOWs for 2006, 2007, and 2009 as attachments to the Complaint.

¹⁸ Refer to the subsequent section for further detail of eDiscovery procedures.

¹⁹ Refer to **Attachment 1** for copies of regulations and policies.

- FPP 4-6 - Citywide Guidance for Vendor Maintenance to Include Adding Vendors, Administrative Payees, and Program Participants
- City Charter Article VIII. - City Auditor
- The City Auditor's Guide to Payments
- Memo dated April 7, 2017 with Subject: Proposed Policy Regarding Use of Private Electronic Devices to Conduct City Related Business
- Memo dated December 16, 2019 with Subject: Use of Personal Devices for City Business
- City of San Jose v. Superior Court ruling regarding private forms of communication relating to city business and memo dated March 6, 2017 from the City Attorney's office regarding the ruling
- Procurement Basics Booklet dated April 17, 2019
- Sign-in sheets for the Procurement Basics training from February 7 through April 4, 2019
- Munis Requisitions and Purchase Orders Training dated February 15, 2019
- Memo dated December 10, 2020 with Subject: Legislative Department Procedures for Purchases, Payments, and Personnel Transactions
- City and City Auditor's organizational charts
- Binders of files from Corrigan Welbourn Stokke, APLC (the "Binders") including the following items:
 - Letter from Stokke and Corrigan to Police Chief Robert Luna and Sergeant Eric Golz regarding the Binders' contents
 - Copies of email threads that include the Whistleblower, Doud and Gagan
 - Summary of issues worked on by Gagan for Doud
 - Samples of work product from Gagan
 - Summary of Gagan's work history and expertise
 - Letter from Gagan to Stokke dated November 29, 2021 regarding Gagan's work with Doud
 - Contact information for witnesses of Gagan's work for Doud
 - Sample work product from Davis Group
 - Memo to file dated January 13, 2022 regarding Whistleblower's "motivation to lie by making a false complaint"
 - Other emails
 - The Complaint
- Detailed listing of all vendor distributions recorded under the City Auditor's department from January 2015 through December 2021
- Listing of all new vendors created from October 2017 through December 2021

- Long Beach City Auditor's Office website

34. We requested the City run a search of Doud's City email inbox²⁰ for the entire life of use from the time Doud became City Auditor in July 2006 through the date of the search on December 21, 2021 using the following criteria ("eDiscovery Search"):

- Emails to or from participants with domain name 'davisgroupca.com' or 'kindelgagan.com'.
- Emails containing the terms "GCG Rose & Kindel", "Kindel Gagan", "Michael Gagan", "Davis Group" or "Joanne Davis".

35. Refer to **Table 5** for the results of the eDiscovery Search. Returned items refer to emails as well as attachments contained within emails.

Table 5- eDiscovery Doud Search Results

Search Condition	Returned Items	File Size
Participants:kindelgagan.com	2,642 items	537.37 MB
Participants:davisgroupca.com	3,480 items	273.72 MB
"GCG Rose & Kindel" OR "Kindel Gagan" OR "Michael Gagan" OR "Davis Group" OR "Joanne Davis"	6,913 items	893.84 MB

36. We requested a search of the Whistleblower's email inbox for the same criteria as above as well as the term "Rick Davis".²¹ The search returned 216 items (20.13 **MB**).

37. Refer to **Exhibit 3** for a graph of email count to and from Doud to Gagan by month and refer to **Exhibit 4** for a detailed listing of email count by month. Refer to **Exhibit 5** for a graph of email count to and from Doud to Rick Davis, Joanne Davis, and

²⁰ RSM did not obtain access to Doud's personal Yahoo email account. All references within this report to review of emails relate to Doud's City email account.

²¹ Joanne Davis is listed as the contact for Davis Group on the Vendor Request Form. Upon review of Doud's eDiscovery search results, we noted a significant number of emails between Doud and Rick Davis; therefore, we added his name to the search terms for the Whistleblower. Note that Rick Davis was not included in the key word search for Doud's email review; however, emails to and from Rick Davis' email account ending in 'davisgroupca.com' were included in Doud's email review.

other Davis Group team members by month, and refer to **Exhibit 6** for a detailed listing of email count by month.²²

38. Additionally, to determine if work product from either vendor was saved on the City's network, RSM requested that a member of the City's Business Information Technology department perform a search on the City's network folders that the City Auditor's office has access to for documents that contain the search terms "Gagan" and "Davis Group".
39. Per review of the list of 518 items returned in the network search for "Gagan", RSM noted the following primary categories of folders in which the documents were located:
- Administration staff folders
 - Audits - business license tax & permit revenue
 - Budget calculations, quarterly reports, and projections
 - Non-audit functions - internal disbursements and purchasing
40. RSM noted there were four documents in the network search that contained 'Gagan' in the Author field. Two of items are from 2008 under a folder 'M Gagan Budget Ideas'. The other two items were SOWs in a purchasing folder. We were unable to identify substantive work product from Kindel Gagan in the network search.
41. Per review of the list of 575 items returned in the network search for "Davis Group", RSM noted the following primary categories of folders in which the documents were located:
- Administration staff folders
 - Audits - business license tax & permit revenue, duplicate payments in 2010²³, staff audit assignment tracking
 - Budget calculations, quarterly reports, and projections
 - Non-audit functions - internal disbursements and purchasing

²² Email count graphs and listings were created based on emails returned from the eDiscovery Search. They do not contain emails from Doud's personal Yahoo account.

²³ RSM notes there were only two invoices paid for Davis Group in 2010 in the amount of \$7,500 for services in November 2009, December 2009, and January 2010 and \$5,000 for services from February 2010 through May 2010.

42. RSM noted there were 35 documents in the network search that contained 'Davis' in the Author field. The items were invoices and SOWs. We were unable to identify substantive work product from Davis Group in the network search.

F. TIMELINE

43. The following timeline identifies relevant dates pertaining to RSM's investigation of the Complaint:

2003	Doud meets Gagan when they were both working for the Water Replenishment District.
Late 2005	Doud meets Rick and Joanne Davis when she hires them for her 2006 campaign for City Auditor.
April 2006	Doud wins Primary Nominating Election. ²⁴
July 2006	Doud begins term of office as the City Auditor for Long Beach. ²⁵
November 2006	Davis Group submits first invoices to Auditor's Office continuing through April 2015.
December 2006	Kindel Gagan submits first invoice in December of 2006 continuing through the Scope Period.
April 2010	Doud runs unopposed and is re-elected as City Auditor. ²⁶
April 2014	Doud runs unopposed and is re-elected as City Auditor.
April 2015	Last month of service (April 2015) is invoiced in the amount of \$6,000 by Davis Group until they are re-engaged in 2019.
2016-2017	Scope period for the latest BPO/Munis Contract between the City

²⁴ <https://www.longbeach.gov/globalassets/city-clerk/media-library/documents/elections/results/2006-2007/041106-summary>

²⁵ <https://www.cityauditorlauradoud.com/auditors-office/history-of-the-city-auditors/>

²⁶ <https://www.cityauditorlauradoud.com/auditors-office/city-auditor-laura-doud/>

and Kindel Gagan.

- April 2018** Doud runs unopposed and is re-elected as City Auditor.
- January 2019** Davis Group is re-engaged as a vendor for the City Auditor's Office.
- June 5, 2020** Davis Group submits an \$18,000 invoice for services rendered January 1 through June 30, 2020. The SOW for the period January 1 through December 31, 2020 is submitted on June 9, 2020 and the Vendor Request Form is dated June 17, 2020.
- August 6, 2021** Complaint submitted to the Los Angeles District Attorney's Public Integrity Division.
- September 7, 2021** Whistleblower submits Complaint to Fred Verdugo, Deputy Human Resources Director, Gary Anderson, Principal Deputy City Attorney, and Eric Golz, Sergeant of Financial Crimes Detail for the City.
- October 1, 2021** Effective date of RSM's engagement with the City to investigate allegations raised in the Complaint.

G. DETAIL OF FINDINGS

Allegation - No Current Kindel Gagan Contract. Illegitimate Scope of Work. Lack of Information on Invoices

44. Per the Complaint, the City Auditor misappropriated City funds during the Period of Allegation through payments to Kindel Gagan in the estimated amount of \$1,018,500 through June 2021. The Complaint alleges there is no current contract agreement with Kindel Gagan which delineates services, terms, and deliverables. The Complaint notes there is a single two-year contract with Kindel Gagan for 2016 and 2017.
45. The Complaint also states that "prior scope proposals are not legitimate, given that Kindel Gagan does not possess the expertise to provide the services described in the contract agreement. ...the single contract agreement and the past scope of

service proposals describe financial analysis services of City budget, pension costs and liabilities".

46. Refer to **Table 1** for periods of BPO/Munis Contracts and POs with Kindel Gagan. Kindel Gagan invoices were paid by Direct Payments for services starting in March 2019 through 2021. Kindel Gagan invoices were paid by monthly POs without a BPO from October 2013 through December 2015 and from January 2018 through February 2019. Additionally, refer to **Table 1** for total payments to Kindel Gagan in the total amount of \$1,036,200 through September 2021. This total includes three additional payments beyond the \$1,018,500 that the Whistleblower estimated.
47. RSM reviewed the December 17, 2015 Proposal to Perform Consultant Services (i.e. SOW) from Kindel Gagan to Doud, associated with the latest BPO between the City and Kindel Gagan, and noted a fee of \$5,600 per month and the below services were detailed:²⁷
- Monitoring and analyzing the City's budget and finance documents, including quarterly financial reports and financial policies that may bear on the financial condition of the City, opportunities for cost savings, revenue increases, and opportunities for audit.
 - Reviewing proposed and adopted City employee collective bargaining agreements to assess financial impacts, especially with respect to retiree pension costs.
 - Monitoring CalPERS and reporting on 1) Actions of the CalPERS Board of Administration that may impact City and employee contributions to the pension system; and 2) Actions of the CalPERS Board of Administration that may impact OPEB²⁸ options and costs of the City and its retirees.
 - Monitoring and reporting on pension and OPEB developments that may affect the City, its employees and retirees. Those developments include actions of other jurisdictions' state legislation, state and local collective bargaining agreements and imitative measures.
 - Providing other services as directed to support the scope of services outlined above.

²⁷ Refer to **Attachment 2** for Kindel Gagan contracting documents.

²⁸ Other Postemployment Benefits ("OPEB")

48. RSM obtained the latest BPO between the City and Kindel Gagan from the City's Financial Management team and noted a period of January 1, 2016 through December 31, 2017 with a contract amount of \$136,800. RSM obtained the Agreement for Consulting Services between the City Auditor's Office and Kindel Gagan executed by Gagan and Doud and noted fees were listed as a monthly retainer in the amount of \$5,600. RSM notes the total fee would equate to \$134,400 based on the fee in the SOW and Agreement for Consulting Services (\$5,600 monthly retainer multiplied by 24 months).
49. RSM obtained the Vendor Request Form for Kindel Gagan dated March 1, 2016 with a requested term of January 1, 2016 through December 31, 2017 in the amount of \$136,800. RSM notes there was no Request for Proposals associated with the vendor request. There is a Statement of Justification documenting that "Michael Gagan of Kindel Gagan is uniquely qualified to perform the scope of services assigned to him by the City Auditor". The document includes his background as Chief Deputy Treasurer of the State of California and member of the CalPERS Board and public agencies with whom he has worked. The document is not signed; however, per review of emails, RSM notes that Doud states she appreciates that Gagan sent her a Statement of Justification.
50. Per Gagan's profile within the Kindel Gagan company website:²⁹

"Michael was appointed Chief Deputy State Treasurer by Treasurer Jess Unruh. His tenure coincided with the substantial increase in the powers of that office. He administered the office and represented the Treasurer on 35 financing authorities as well as the governing boards of the Public Employees' Retirement System and the State Teachers' Retirement System."

RSM notes Gagan's experience on the governing board of CalPERS aligns with the services defined in the SOW. Through an open-source search, RSM also notes his experience is included on a Commission on Revenue Efficiency (CORE) report dated March 2012.³⁰

51. Through inspection of invoices, RSM notes that invoices are dated at the first of each month for the month in which services were provided (e.g., an invoice dated

²⁹ <https://kindelgagan.com/team/michael-s-gagan/>

³⁰ http://ens.lacity.org/cla/documents/cladocuments312776368_03222012.pdf

9/1/2016 has the description: "Professional services for the month of September 2016."). All invoices in the period of January 1, 2016 through December 31, 2017 were in the amount of \$5,700, not the \$5,600 retainer as defined in the SOW and Agreement for Consulting Services. RSM noted all invoices reviewed from 2011 through 2021 for Kindel Gagan had either a delivery certification or approval signature. Signatures were identified as either a Former Assistant City Auditor, Doud, or illegible signatures³¹ RSM observed that all invoices (25) from September 2019 through September 2021 were approved by Doud.

52. Per interview of Doud, her administrative staff handles the administration of vendors. When her staff requests documents, Doud requests them from the vendors and then provides them to her staff. She is unaware of the exact process for contracting, but she knows contracts are needed at times. Doud stated that sole sourcing³² is allowed as part of the vendor selection process. Per Doud, everything is run through Financial Management, and if there was an issue, they would let her know.

53. Per review of emails, RSM noted an email dated December 9, 2015 from Doud to Gagan regarding contracting.³³ Doud states she appreciates that Gagan sent her a Statement of Justification to use to justify the reason that the Kindel Gagan contract was not bid out. She states that it was good to have on file while being audited. She further explains that her office is reviewing various City contracts, and one of the audit findings is that the City is allowing departments to pay contracts by direct payments when it should be set up as a purchase order. Doud states she needs to make sure she doesn't issue a recommendation in the audit report for something she is not doing herself. RSM notes that Gagan's Proposal to Perform Consultant Services and the City Auditor's Agreement for Consulting Services with Gagan are executed shortly after this email (December 17, 2015 and December 21, 2015, respectively), and a BPO is established for the period January 1, 2016 through December 31, 2017. RSM notes there were no additional BPO/Munis Contracts established after that time period.

³¹ Presumably invoices were signed by the current Assistant City Auditor at the time or a Deputy City Auditor.

³² Per AR 23-3, 'Sole Source Selections' are defined as "when a planned purchase is expected to exceed \$5,000 and the requesting department determines that there is only one source for the equipment, materials, or supplies sought". The policy also describes the procedures to follow when a department believes that the competitive bid process is not warranted.

³³ Refer to **Attachment 3** for a copy of the email.

54. RSM Conclusion: RSM was able to substantiate in part the allegations described at the beginning of this section. RSM did not find clear evidence of misappropriation; however, the manner in which the Kindel Gagan contracts and invoices were documented was lacking in detail and City procurement policies that establish best practices were disregarded. Payments to Kindel Gagan total \$1,036,200 through September 2021. This total includes three additional payments beyond the \$1,018,500 that the Whistleblower estimated. Kindel Gagan invoices were paid through various contractual agreements from 2006 through February 2019, including by BPOs from December 2006 through September 2013 and from January 2016 through December 2017, monthly POs from October 2013 through December 2015 and from January 2018 through February 2019. RSM confirmed Kindel Gagan invoices were paid without a contractual agreement for services starting in March 2019 through 2021. Based upon review of Mr. Gagan's professional background, he appears to have the requisite expertise to advise the City Auditor on financial and CalPERS matters as proposed in the 2016 through 2017 contract. RSM confirmed that invoices for Kindel Gagan contain generic descriptions such as 'Professional services' without detail of deliverables or hours worked.

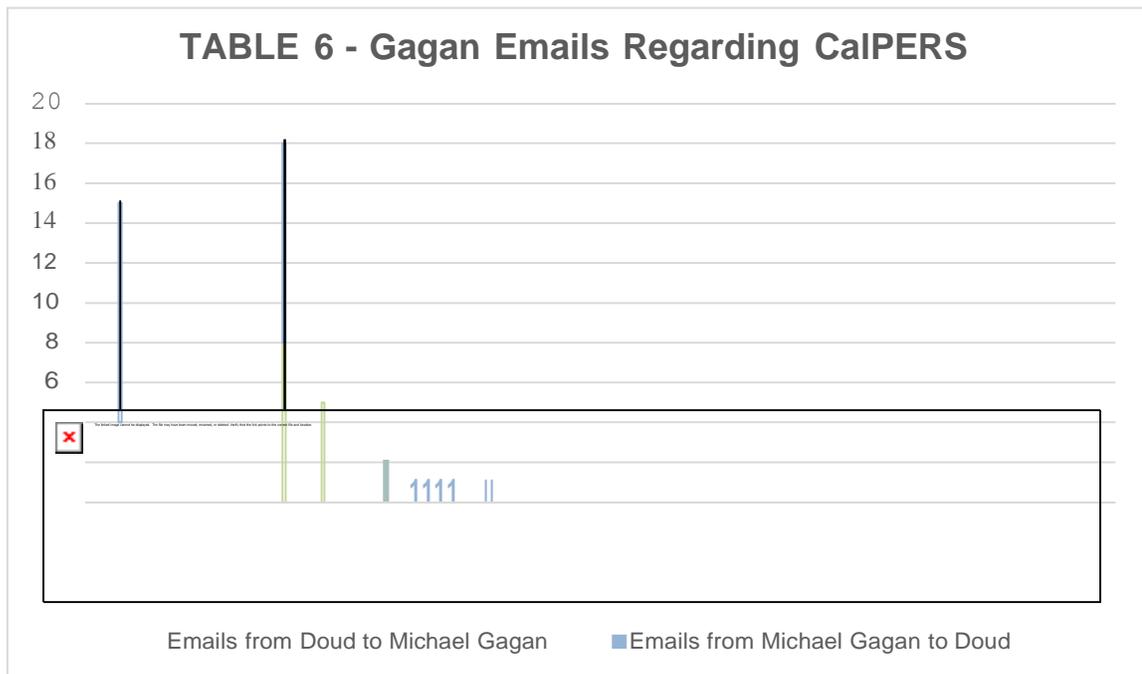
Allegation - No Work is Performed by Kindel Gagan

55. The Complaint alleges "No work is performed, or deliverables were provided by Kindel Gagan." Whistleblower was unable to identify or locate any information or documentation (reports, draft reports, memos, spreadsheets, analysis, etc.) to confirm that actual services were provided by Kindel Gagan for the City Auditor's Office. Whistleblower states that Doud has never mentioned that Kindel Gagan was providing financial analysis on the City pension costs or the budget, nor has she provided any analyses, reports, recommendations, or memos from Kindel Gagan related to pension or budget analysis. Whistleblower holds the belief that if financial services were provided by Kindel Gagan, the audit staff would have been aware of the firm's work, given the nature of the audit staff's work, "which is operational and financial auditing".

56. To identify evidence of work product, RSM conducted the eDiscovery Search as described in the **Approach** section. We noted a total of 1,524 emails from Gagan

to Doud and 1,436 emails from Doud to Gagan during the Scope Period.³⁴ From the eDiscovery Search results, we noted periods of no email activity between Gagan and Doud, including no email exchange during September 2016, April 2019, and November 2020.

57. Per review of the notes on the electronic record of the Kindel Gagan POs within FAMIS/ADPICS, the description of services mentions CalPERS for years 2006 through 2010, 2012, 2013, 2016 and 2017. We noted a total of 32 emails from Doud to Gagan and 53 emails from Gagan to Doud that mention CalPERS from September 2006 through February 2011.³⁵ Although CalPERS was referenced in the electronic record of POs in 2012, 2013, 2016, and 2017, no emails were identified in the eDiscovery Search between Gagan and Doud that mention CalPERS between March 2011 and February 2017 or after August 2017. Refer to **Table 6** for a graph of email count by month. Refer to **Exhibit 7** for a detailed listing of CalPERS email count by month.



³⁴ Refer to **Exhibit 3** and **Exhibit 4** for a graph and detailed listing of email count by month.

³⁵ Refer to **Exhibit 7** for a detailed listing of email count by month.

58. Per review of emails between Doud and Gagan that mention CalPERS and review of the Binders, we noted a sample of work performed by Gagan included the following:³⁶

- Reports in 2007 from Gagan to Doud regarding CalPERS budget, investment performance, proposed revised disclosure requirement, Public Employee Post-Benefits Commission, unfunded liabilities, and state legislation
- Letter prepared in 2008 for Doud regarding CalPERS prepayment
- Speech for Doud in 2010 regarding pension benefits
- Emails throughout the years that included forwarded articles and news regarding CalPERS

59. Per review of emails between Gagan and Doud, and review of the Binders, we noted the following sample of other work performed by Gagan:³⁷

- Article in 2007 prepared for Doud for the Retired Public Employees Association of California
- Report in 2015 prepared for Doud for the Medical Marijuana Task Force
- Report in 2016 regarding Long Beach Civic Center Project Costs to the City
- Analysis in 2017 regarding City financial policies
- Review of City reports in 2018 and 2020 including the Audit of the All American Asphalt Annual Street Improvement Contract, the proposed Long Beach Police and Long Beach Fire Department Skill Pay Audit Program, the Feasibility Report regarding consolidation of City utilities
- Meetings, observations, audit suggestions, and official statements related to the Queen Mary.

60. Per interview of Gagan, when Doud was elected in 2006 she learned that her predecessor had a consultant who advised the former City Auditor on CalPERS matters. Doud asked if Gagan would serve in that capacity given that Gagan was a former member of board of governors of CalPERS and Doud knew Gagan from working together at the Water Replenishment District. The City paid the first invoice from Kindel Gagan in December of 2006. In approximately 2007 or 2008, Gagan's services for Doud expanded to include advising Doud on the City Budget, budget process, and other matters as requested by Doud. His work included analysis, reports, assistance with speeches, articles, edits of pending audits, and assistance with tasks Doud encounters in her daily work. Deliverables were primarily provided

³⁶ Refer to **Attachment 4** for a sample of work products regarding CalPERS.

³⁷ Refer to **Attachment 5** for a sample of other work products.

through Doud's City email account. Gagan and Doud talked on the phone frequently.³⁸ Gagan states he has provided services every month, and that if there were no written products during extended periods of time, that does not mean he and Doud didn't communicate by phone or that there was no activity.

61. Per interview of Doud, Gagan's deliverables included documents, edits, recommendations through emails, talking points, meeting preparation. Doud stated that she requested recommendations from Gagan regarding which audits would have the most impact for the City. Additionally, examples of topics Gagan advised Doud on include CalPERS prepayment, Proposition H Oil Production Tax, Measure D, City Civic Center, and the Queen Mary. Documentation of Gagan's work is located in Doud's City email account and her personal Yahoo account; it is not saved on a City network.
62. Through review of emails between the Whistleblower and Doud, we noted eight instances in which Doud forwarded to the Whistleblower advice provided to her by Gagan regarding how to respond to an email from the Long Beach Fire Department, articles, research, and suggested edits sent to Doud from Gagan. During the interview of the Whistleblower, the Whistleblower maintained that the Whistleblower had not seen any work product from Gagan.
63. **RSM Conclusion: RSM substantiated that Kindel Gagan received \$5,700 or \$6,000 on a monthly basis since 2006. RSM did not substantiate that payments were provided without provision of product or service. RSM identified work product that was provided to Doud by Kindel Gagan; however, there were periods of time that RSM could not identify written work product. Additionally, there were time periods in which RSM did not identify written work product or communications that reference CalPERS during which these services were set forth in applicable contracting documents or records. Documentation of Kindel Gagan's work is located in Doud's City email account and her personal Yahoo account. Doud did not transfer the work product to the City's network; therefore, the work performed by Kindel Gagan would not be readily available to anyone at the City except Doud. Invoices for Kindel Gagan contain generic descriptions such as 'Professional services' without detail of deliverables or hours worked. Therefore, it is not possible to determine the reasonableness,**

³⁸ RSM has not verified phone records as of the date of this report.

appropriateness, applicability of the work, or the fairness of the cost to the City for the services of Kindel Gagan.

Allegation - Davis Group Illegitimate Scope of Work or Contract

64. The Complaint states that the Davis Group receives monthly payments of \$3,000 or \$3,600 for scopes of service that have highly vague descriptions and greatly overlap with the work performed by the in-house Communications Director.

65. RSM reviewed SOWs submitted by the Davis Group and noted the services detailed below.³⁹ There is no BPO in the City's system for January through June 2019; however, PO #29140019 dated March 12, 2019 for the Davis Group with description 'Accounting/Auditing/Budget Consulting Services' was created for that period.

July 1, 2019 through December 31, 2019 (dated August 2019):

- Strategic message development and implementation
- Advise and assist City Auditor in developing and strengthening positive relationships and partnerships with City stakeholders - including the mayor, City Councilmembers, other elected officials, city management, department heads, media, community leaders, etc. - to work together to meet common goals.
- Advise and assist City Auditor in establishing the Long Beach City Auditor's Office as a leader in the industry by developing relationships with government organizations such as GAO and industry organizations such as ALGA, IIA, and WIAF.
- Assist in monitoring significant City issues and provide an outside perspective.

January 1, 2020 through December 31, 2020 (submitted on June 9, 2020):

- Strategic issues management.
- Advise and assist City Auditor in developing and strengthening positive relationships and partnerships with City stakeholders to work together to meet common goals
- Advise and assist City Auditor with intergovernmental issues and entities
- Assist in monitoring significant City issues and provide an outside perspective.

³⁹ Refer to **Attachment 6** for Davis Group contracting documents.

October 1, 2020 through September 30, 2021⁴⁰.

- Strategic issues management.
- Advise and assist City Auditor in developing and strengthening positive relationships and partnerships with City stakeholders to work together to meet common goals
- Advise and assist City Auditor with intergovernmental issues and entities
- Assist in monitoring significant City issues and provide an outside perspective.

66. RSM obtained two Vendor Request Forms for Davis Group. The first form is dated June 17, 2020 in the amount of \$36,000. The form notes there is an exception to policy request related to using a competitive process and includes a description 'Vendor has history providing these services for the City Auditor and is the only local vendor that can supply these services'. The second form is dated January 1, 2021 in the amount of \$36,000. The form contains the same exception to policy request description as the previous form dated June 17, 2020.

67. RSM reviewed invoices noting that the description was "Consulting" or "Consulting Services" with the relevant month at hand (e.g., the May 2021 invoice description was as follows: "Consulting - May 1 - 31, 2021"). Some invoices included additional descriptions, such as Issues Management Consulting, Communication and Community Outreach, and Strategic Planning. We noted all but one invoice from 2012 through 2021 for the Davis Group had either a delivery certification or approval noted. Per review of invoices provided by Financial Management, we noted that approximately 50% of invoices from Davis Group were submitted prior to the end of the month in which services were provided. We noted approximately 40% of Davis Group invoices were paid in advance (for example invoice #210907 with description 'Consulting - September 1-30, 2021' was approved by Doud on September 7, 2021 and paid on September 8, 2021).

68. RSM notes that prior to 2019, the Davis Group invoices were primarily between \$5,000 to \$7,500 per month. There is a gap in invoices between June 2010 and September of 2012 as well as between May 2015 and March 2019. RSM noted invoice# 200102 in the amount of \$18,000 for the period January 1 through June 30, 2020 was submitted on June 5, 2020. Through the review of emails, we noted the following: 1) the invoice was originally submitted against an expired 2019

⁴⁰ A change order was submitted to extend the previous contract from December 31, 2020 to September 2021.

Munis Contract; and 2) the payables department returned the invoice, at which time a new SOW dated January 2020 and Munis Contract with an effective date of January 2020 was created.

69. To identify evidence of work product, we conducted eDiscovery procedures as described in the **Approach** section. We noted a total of 1,384 emails from members of Davis Group to Doud and 2,268 emails from Doud to members of Davis Group during the Scope Period.⁴¹ We noted periods of no email activity from members of Davis Group to Doud during periods of payments to the Davis Group, including no email exchange in November 2019 and February through April 2020. RSM notes this period of time corresponds with invoice # 200102 submitted on June 5, 2020 in the amount of \$18,000 for the period January 1 through June 30, 2020. RSM also notes the Munis Contract covering January 1 through December 31, 2020 was submitted on June 9, 2020.
70. Per review of emails, we noted a sample of work provided by Davis Group included draft press releases, edits to City Auditor's memos to the Mayor and Council members, revisions to proposals, edits to Op Ed regarding Measures AAA and BBB, draft statements regarding the Queen Mary, and redline edits on a draft Queen Mary audit report.
71. Per interview of Rick and Joanne Davis, they have provided services to Doud such as strategic planning, SWOT analysis and implementing outcomes, media communications, speeches, setting up the City's fraud hotline, and setting up the City Auditor website. They provided Doud with message points addressing issues, edited press releases, edited letters, wrote speeches, and edited and reviewed PowerPoints.
72. Doud stated that when the City Auditor Communications Officer (referred to as the "in-house Communications Director" in the Complaint) was hired in 2015, Doud felt she didn't need the services of the Davis Group. The last invoice from the Davis Group in 2015 was paid in May 2015. The City did not pay for services from Davis Group again until March 2019.
73. Doud and the Davises stated that Doud requested services from Davis Group again starting in January 2019 regarding Queen Mary issues. Per review of emails,

⁴¹ Refer to **Exhibit 5** and **Exhibit 6** for a graph and detailed listing of email count by month.

RSM noted the first mention of the Queen Mary between Doud and the Davises during this time was September 27, 2019. RSM also notes Gagan was consulting with Doud regarding the Queen Mary during this time.

74. Doud and the Davises stated that Doud used both her City email account as well as her personal Yahoo account to discuss City matters with the Davis Group. The Davises stated that during the beginning of the pandemic, Doud had issues with her City email account and primarily used her Yahoo account. Upon review of emails in the eDiscovery search, we noted the use of Doud's Yahoo email account prior to the pandemic⁴². Neither Doud nor Gagan recounted issues with Doud's City email account at any time. Doud stated the Davis Group is the only City vendor that she intentionally communicated with using her personal Yahoo account. Doud stated that although it wasn't intentional, she did also communicate with Gagan using her personal Yahoo account.
75. Per review of emails, we noted a discussion in February 2015 between Doud and the Whistleblower regarding the Whistleblower meeting the Davis Group. We also noted Doud forwarded a draft of an op-ed from Rick Davis to the Whistleblower on January 22, 2019. The Whistleblower notes the op-ed piece doesn't say anything new.
76. **RSM Conclusion: RSM was able to substantiate in part the allegations described at the beginning of this section. The Davis Group primarily received between \$3,000 and \$7,500 on a monthly basis on and off since 2006. RSM identified work product that was provided to Doud by the Davis Group; however, there were periods of time that RSM could not identify written work product. Documentation of the Davis Group's work is located in Doud's City email account and her personal Yahoo account. Doud did not transfer the work product to the City's network; therefore, the work performed by the Davis Group would not be readily available to anyone at the City except Doud. RSM confirmed there was a contract in place at the time the Whistleblower filed the Complaint with a scope of work that contained generic descriptions such as 'strategic issues management'. Additionally, invoices for Davis Group contain generic descriptions such as 'Professional services' without detail of deliverables or hours worked.**

⁴² We noted emails that were sent to both Doud's City email account as well as her personal Yahoo account. RSM did not obtain access to Doud's personal Yahoo account.

Therefore, it is not possible to determine the reasonableness, appropriateness, applicability of the work, or the fairness of the cost to the City for the services of Davis Group. Additionally, we noted approximately 40% of Davis Group invoices were paid in advance (for example invoice #210907 with description 'Consulting- September 1-30, 2021' was approved by Doud on September 7, 2021 and paid on September 8, 2021). The City Auditor Communications Officer (referred to as the "in-house Communications Director" in the Complaint), was hired by the City Auditor's department in 2015. The scope of services outlined in the Davis Group statement of work from 2019 through 2021 appear to overlap with the duties of the City Auditor Communications Officer.

Allegation - Circumvention of Internal Controls

77. The complaint states Doud has overridden internal controls and evaded City procurement policies to execute payments by requesting that City staff run each invoice through the system as one-time payments instead of ongoing payments tied to a contract agreement. The complaint also states that many of the City Administrative Regulations are optional to elected offices.

78. Refer to **Table 1** for periods of BPO/Munis Contracts and POs with Gagan. Kindel Gagan invoices were paid by Direct Payments for services starting in March 2019 through 2021. Kindel Gagan invoices were paid by monthly POs without a BPO from October 2013 through December 2015 and from January 2018 through February 2019.

79. Per Article III. City Manager of the City Charter, "The City Manager shall be responsible for the administration of all departments except the City Attorney, City Auditor, City Prosecutor, Civil Service Department, Legislative Department, Harbor Department and Water Department". Accordingly, the City Manager cannot require these departments to comply with City regulations. Per review of AR's listed in **Approach** section, we noted the regulations contained a scope section that states the following:

"This regulation is applicable to City departments and offices directly responsible to the City Manager. In the interest of uniformity, effectiveness and completeness, it is requested that elective offices and other independent offices, commissions, boards and departments also comply with this regulation."

80. As an elected official, Doud is not required to comply with City regulations ; however, she disregards multiple regulations as well as The City Auditor's Guide to Payments. Although compliance with City regulations is requested and not required for the City Auditor, best practices would require the City Auditor to follow policies and ensure regulations are up to date and being followed. Accordingly, the following paragraphs provide an analysis of regulations that have been disregarded.

81. AR 8-4 notes additional reasons for retaining a professional consultant are listed below (page 2):

- *The city will be able to meet its peak workload demands on specific tasks by utilizing the private sector which is subject to call and is not a continuing expense to the City.*
- *The cost of a professional consultant's service is both reasonable and fair when compared to on-going costs for arriving at informed decisions in specialized professional areas.*
- *A specific expertise is not available within the City's work force.*

Kindel Gagan has been a continuing expense to the City since late 2006. Davis Group has been a continuing expense to the City and on and off since late 2006 and ongoing since 2019. Reasonableness and fairness of the cost of the vendors is difficult to determine given that invoices do not contain detail of hours worked or deliverables produced. Also, Doud did not create a folder on the City's network for the deliverables provided by Kindel Gagan or Davis Group.

82. Per AR 8-4, compensation is paid as services are performed rather than in advance.

- *The agreement should specify the frequency of compensation and require that the consultant submit billings in accordance with contract and/or statement of work.*
- *Under no circumstances will final payment be made unless the scope of services are fully performed (page 5).*

Kindel Gagan submitted invoices dated at the first of each month for the month in which services were provided (e.g., an invoice dated 9/1/2016 has

the description: "Professional services for the month of September 2016"). Approximately 50% of invoices from Davis Group were submitted prior to the end of the month in which services were provided.

83. Per AR 23-2, if the vendor provides the department with a delivery ticket or invoice containing complete information on the items delivered, a certification stamp may be affixed to the document supplied by the vendor (page 2). When the certification has been signed by the department head or an authorized employee, this document is to be forwarded immediately to the Accounts Payable Section of Financial Management Department (page 2).

Invoices for both Kindel Gagan and Davis group contain generic invoice descriptions such as 'Professional services' without detail of deliverables or hours worked.

84. AR 8-4 establishes policies and procedures governing the selection of professional consultants in the performance of City work (page 1).

- *The selection of a professional consultant without the use of the selection procedures requires proper justification, determined to be in the best interest of the city, and prior approval must be obtained (page 2).*
- *Purchases for greater than \$50,000 require the identification of no less than five consulting firms or individuals who are professionally and financially qualified to undertake the proposed project (page 3).*
- *Purchases between \$10,000 to \$50,000 require the identification of no less than three consulting firms (page 4).*
- *City Manager approval is required to solicit from a smaller selected list (page 3).*

Ordinance No. ORD-12-0020 contains updates to the thresholds established in AR 8-4.

85. Page 2 of The City Auditor's Guide to Payments dated December 2008 states:

- *"Contracts are required for agreements of \$100,000 or more and require City Council Approval.*
- *Whenever a contractor is paid \$100,000 or more for a single project, or multiple projects within a 12-month period, a contract is required. For example, two \$60,000 POs within twelve months would require a contract.*

- *Purchases over \$10,000 but less than \$100,000 require solicitation of a minimum of three (3) bids."*

Ordinance No. ORD-12-0020 contains updates to the thresholds noted in The City Auditor's Guide to Payments.

86. Ordinance No. ORD-12-0020 provides the following updates to the thresholds established in AR 8-4 and thresholds noted in The City Auditor's Guide to Payments dated December 2008:

- *The City Purchasing Agent, with the written approval of and in accordance with procedures provided by the City Manager, and such faithful performance bonds as the City Manager may deem reasonably necessary, is hereby authorized to bind the City through the issuance of a purchase order without advertising for bids for the purchase of services, labor, supplies, materials, goods, or other valuable consideration furnished to the City for amounts not exceeding one hundred thousand dollars (\$100,000)*
- *For non-state or federal grant related purchases exceeding one hundred thousand dollars (\$100,000), but not exceeding two hundred thousand dollars (\$200,000), the City Purchasing Agent is authorized to issue a purchase order if the award is based on an Invitation to Bid (1TB) or a Request for Proposal (RFP) process, which results in at least three (3) bids or proposals*

Additionally, the \$10,000 purchase limit was increased to \$25,000.

The latest Vendor Request Form for Kindel Gagan is for the period of January 1, 2016 through December 31, 2017. There were no other bids received for the work (there was a Statement of Justification submitted for the exception), and there is no documentation of the process for obtaining or considering bids or proposals for the work performed by Kindel Gagan since the 2016-2017 form. The Vendor Request Forms for Davis Group state that the vendor has a history of providing the services and is the only local vendor that can supply the services.

87. **RSM Conclusion: RSM substantiated that Kindel Gagan was paid through one-time payments since 2019 thereby disregarding City procurement policies. Further, Doud failed to follow the best practices she recommended to City departments. Doud published audit reports in which she makes recommendations to various City entities regarding procurement,**

contracting, and invoicing that she herself does not follow. She did not, however, override City internal controls because compliance with City regulations is requested and not required for the City Auditor. Best practices would require the City Auditor to follow policies and ensure regulations are up to date and being followed.

H. CURRENT STATE OF INVESTIGATION

88. The City of Long Beach Police Department will be provided with a final copy of this report.

89. Should additional relevant information become available, we reserve the right to augment the information and findings provided in this report.

Regards ,

A handwritten signature in cursive script, appearing to read "Maryellen K. Sebold".

Maryellen Sebold
Partner



Vendor	Invoice Number	Paid Amount	Accounting Date	Check Cleared Date	Purchase Order	BPO/Munis Contract
GCG ROSE & KINDEL	1497	\$ 6,000	12/11/2006	12/20/2006	DPFM07000117	BPAU06000004
GCG ROSE & KINDEL	1518	6,000	01/04/2007	01/17/2007	DPAU07000013	BPAU06000004
GCG ROSE & KINDEL	1568	6,000	01/04/2007	01/17/2007	DPAU07000013	BPAU06000004
GCG ROSE & KINDEL	1ffi1	6,000	01/30/2007	02/12/2007	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	1726	6,000	02/23/2007	03/05/2007	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	1779	6,000	03/19/2007	03/26/2007	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	1849	6,000	04/26/2007	05/09/2007	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	1917		05/16/2007	Vcided	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	1917	6,000	05/16/2007	06/08/2007	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	1001	6,000	07/05/2007	07/18/2007	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	2059	6,000	07/12/2007	08/10/2007	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	2129	6,000	08/14/2007	08/22/2007	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	2189	6,000	0a/28/2007	10/12/2007	DPAU07000023	BPAU06000004
GCG ROSE & KINDEL	2310	6,000	01/08/2008	01/16/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2327	6,000	01/08/2008	01/16/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2386	6,000	01/08/2008	01/16/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	23861107	6,000	01/10/2008	01/22/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2449	6,000	01/31/2008	02/13/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2574	6,000	03/13/2008	03/26/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2633	6,000	04/15/2008	04/28/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2701	6,000	05/09/2008	05/16/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2761	6,000	06/11/2008	06/18/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2830	6,000	07/31/2008	08/08/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2893	6,000	0a/11/2008	0a/23/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	2001	6,000	0a/24/2008	10/02/2008	DPAU08000023	BPAU08000002
GCG ROSE & KINDEL	3053	6,000	01/22/2009	01/28/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3089	6,000	01/22/2009	01/28/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3158	6,000	01/22/2009	01/28/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3222	6,000	02/04/2009	02/18/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3277	6,000	02/19/2009	02/26/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3348	6,000	03/19/2009	03/26/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3423	6,000	04/21/2009	05/05/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3487	6,000	05/21/2009	06/05/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3547	6,000	06/12/2009	06/19/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3614	6,000	08/03/2009	08/12/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3675	5,700	08/18/2009	0a/01/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	3745	5,700	0a/16/2009	0a/23/2009	DPAU09000028	BPAU09000003
GCG ROSE & KINDEL	39J6	11,400	01/08/2010	01/19/2010	DPAU10000033	BPAU10000003
GCG ROSE & KINDEL	3921	5,700	01/08/2010	01/19/2010	DPAU10000033	BPAU10000003
GCG ROSE & KINDEL	VF-No In1Dice Num		01/08/2010	Cancelled	DPAU10000033	BPAU10000003
KINDEL GAGAN, INC	31	5,700	02/19/2010	03/01/2010	DPAU10000045	BPAU10000004
KINDEL GAGAN, INC	5	5,700	02/25/2010	03/11/2010	DPAU10000045	BPAU10000004
KINDEL GAGAN, INC	88	5,700	04/13/2010	04/21/2010	DPAU10000045	BPAU10000004
KINDEL GAGAN, INC	70	5,700	05/19/2010	05/26/2010	DPAU10000045	BPAU10000004
KINDEL GAGAN, INC	118	5,700	05/19/2010	05/26/2010	DPAU10000045	BPAU10000004
KINDEL GAGAN, INC	100	5,700	06/16/2010	06/24/2010	DPAU10000045	BPAU10000004
KINDEL GAGAN, INC	192	5,700	07/13/2010	07/21/2010	DPAU10000045	BPAU10000004
KINDEL GAGAN, INC	200	5,700	08/10/2010	08/16/2010	DPAU10000045	BPAU10000004
KINDEL GAGAN, INC	264	5,700	0a/16/2010	0a/27/2010	DPAU10000045	BPAU10000004
KINDEL GAGAN, INC	316	5,700	12/03/2010	01/06/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	333	5,700	12/03/2010	01/06/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	375	5,700	01/04/2011	01/18/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	400	5,700	01/13/2011	01/26/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	444	5,700	02/08/2011	02/17/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	VF-No In1Dice Num		03/09/2011	Cancelled	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	511	5,700	04/13/2011	04/26/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	482	5,700	05/04/2011	05/10/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	544	5,700	05/09/2011	05/18/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	500	5,700	06/10/2011	06/17/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	624	5,700	07/12/2011	07/21/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	649	5,700	08/11/2011	0a/07/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	693	5,700	0a/14/2011	0a/23/2011	DPAU11000014	BPAU11000002
KINDEL GAGAN, INC	746	5,700	10/24/2011	11/07/2011	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	767	5,700	11/10/2011	11/23/2011	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	804	5,700	12/22/2011	01/10/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	841	5,700	01/17/2012	01/25/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	800	5,700	02/08/2012	02/16/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	919	5,700	03/21/2012	03/28/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	949	5,700	04/05/2012	04/11/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	9ffi	5,700	05/08/2012	05/16/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	1029	5,700	06/18/2012	06/27/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	VF-No In1Dice Num		06/18/2012	Cancelled	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	1068	5,700	07/10/2012	07/20/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	1111	5,700	08/22/2012	0a/04/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	1139	5,700	0a/18/2012	10/01/2012	DPAU12000005	BPAU12000001
KINDEL GAGAN, INC	1175	5,700	11/19/2012	12/11/2012	DPAU13000009	
KINDEL GAGAN, INC	1217	5,700	11/19/2012	12/11/2012	DPAU13000010	
KINDEL GAGAN, INC	1244	5,700	01/09/2013	01/22/2013	DPAU13000015	BPAU12000008
KINDEL GAGAN, INC	1283	5,700	02/06/2013	02/19/2013	DPAU13000018	BPAU12000000
KINDEL GAGAN, INC	1322	5,700	02/13/2013	02/27/2013	DPAU13000024	BPAU12000000

Vendor	Invoice Number	Paid Amount	Accounting Date	Check Cleared Date	Purchase Order	BPO/Munis Contract
KINDEL GAGAN, INC	13	5,700	03/12/2013	03/22/2013	DPAU13000030	BPAU12000000
KINDEL GAGAN, INC	1390	5,700	04/19/2013	05/08/2013	DPAU130000	BPAU12000000
KINDEL GAGAN, INC	1426	5,700	05/13/2013	05/30/2013	DPAU13000040	BPAU12000000
KINDEL GAGAN, INC	1481	5,700	06/17/2013	07/03/2013	DPAU13000052	BPAU12000000
KINDEL GAGAN, INC	1504	5,700	07/10/2013	08/14/2013	DPAU13000055	BPAU12000000
KINDEL GAGAN, INC	1554	5,700	08/26/2013	09/05/2013	DPAU13000058	BPAU12000000
KINDEL GAGAN, INC	1580	5,700	09/23/2013	10/16/2013	DPAU13000065	BPAU12000000
KINDEL GAGAN, INC	1629	5,700	10/21/2013	10/30/2013	DPAU14000006	
KINDEL GAGAN, INC	VF-NoInvoice Num		11/20/2013	Cancelled	DPAU14000010	
KINDEL GAGAN, INC	1658	5,700	11/26/2013	12/11/2013	DPAU14000010	
KINDEL GAGAN, INC	1708	5,700	12/12/2013	01/17/2014	DPAU14000020	
KINDEL GAGAN, INC	1733	5,700	01/30/2014	02/14/2014	DPAU14000025	
KINDEL GAGAN, INC	1800	5,700	03/11/2014	03/20/2014	DPAU14000034	
KINDEL GAGAN, INC	20140324	5,700	04/10/2014	04/123/2014	DPAU14000039	
KINDEL GAGAN, INC	1847	5,700	04/14/2014	04/123/2014	DPAU14000041	
KINDEL GAGAN, INC	1879	5,700	05/09/2014	05/30/2014	DPAU14000047	
KINDEL GAGAN, INC	1929	5,700	06/04/2014	06/18/2014	DPAU14000055	
KINDEL GAGAN, INC	2009	5,700	08/08/2014	08/22/2014	DPAU14000071	
KINDEL GAGAN, INC	1968	5,700	08/12/2014	08/22/2014	DPAU14000073	
KINDEL GAGAN, INC	2050	5,700	09/08/2014	09/17/2014	DPAU14000080	
KINDEL GAGAN, INC	2102	5,700	10/14/2014	10/29/2014	DPAU15000001	
KINDEL GAGAN, INC	2142	5,700	11/06/2014	11/19/2014	DPAU15000000	
KINDEL GAGAN, INC	2192	2,000	12/10/2014	01/09/2015	DPAU15000010	
KINDEL GAGAN, INC	2216	3,700	01/06/2015	01/23/2015	DPAU15000016	
KINDEL GAGAN, INC	2233	5,700	01/15/2015	01/23/2015	DPAU15000017	
KINDEL GAGAN, INC	2283	5,700	02/19/2015	03/06/2015	DPAU15000025	
KINDEL GAGAN, INC	2330	5,700	03/12/2015	04/08/2015	DPAU15000028	
KINDEL GAGAN, INC	2373	5,700	04/11/2015	04/129/2015	DPAU15000034	
KINDEL GAGAN, INC	2427	5,700	05/07/2015	05/15/2015	DPAU15000037	
KINDEL GAGAN, INC	2481	5,700	06/12/2015	07/01/2015	DPAU15000045	
KINDEL GAGAN, INC	2530	5,700	07/14/2015	07/29/2015	DPAU15000051	
KINDEL GAGAN, INC	2583	5,700	08/12/2015	09/03/2015	DPAU15000062	
KINDEL GAGAN, INC	2631	5,700	10/06/2015	10/21/2015	DPAU15000081	
KINDEL GAGAN, INC	2680	5,700	10/15/2015	11/04/2015	DPAU16000001	
KINDEL GAGAN, INC	2732	5,700	11/17/2015	12/15/2015	DPAU16000011	
KINDEL GAGAN, INC	2787	5,700	12/10/2015	01/15/2016	DPAU16000014	
KINDEL GAGAN, INC	2837	5,700	03/08/2016	03/23/2016	DPAU16000030	BPAU16000002
KINDEL GAGAN, INC	2881	5,700	03/08/2016	03/23/2016	DPAU16000031	BPAU16000002
KINDEL GAGAN, INC	2944	5,700	03/17/2016	04/06/2016	DPAU16000038	BPAU16000002
KINDEL GAGAN, INC	3007	5,700	04/11/2016	04/129/2016	DPAU16000044	BPAU16000002
KINDEL GAGAN, INC	3060	5,700	05/13/2016	06/08/2016	DPAU16000051	BPAU16000002
KINDEL GAGAN, INC	3112	5,700	06/09/2016	06/28/2016	DPAU16000055	BPAU16000002
KINDEL GAGAN, INC	3161	5,700	07/22/2016	08/19/2016	DPAU16000066	BPAU16000002
KINDEL GAGAN, INC	3221	5,700	08/11/2016	09/09/2016	DPAU16000071	BPAU16000002
KINDEL GAGAN, INC	3287	5,700	09/14/2016	10/05/2016	DPAU16000076	BPAU16000002
KINDEL GAGAN, INC	3345	5,700	12/07/2016	01/20/2017	DPAU17000000	BPAU16000002
KINDEL GAGAN, INC	3381	5,700	12/07/2016	01/20/2017	DPAU17000007	BPAU16000002
KINDEL GAGAN, INC	3438	5,700	12/21/2016	01/25/2017	DPAU17000011	BPAU16000002
KINDEL GAGAN, INC	3488	5,700	01/23/2017	02/24/2017	DPAU17000014	BPAU16000002
KINDEL GAGAN, INC	3560	5,700	03/09/2017	04/12/2017	DPAU17000030	BPAU16000002
KINDEL GAGAN, INC	3561	5,700	03/09/2017	04/12/2017	DPAU17000029	BPAU16000002
KINDEL GAGAN, INC	3637	5,700	04/06/2017	05/05/2017	DPAU17000041	BPAU16000002
KINDEL GAGAN, INC	3004	5,700	05/12/2017	06/02/2017	DPAU17000049	BPAU16000002
KINDEL GAGAN, INC	3808	5,700	07/11/2017	07/28/2017	DPAU1700001:e	BPAU16000002
KINDEL GAGAN, INC	3856	5,700	08/16/2017	09/13/2017	DPAU17000067	BPAU16000002
KINDEL GAGAN, INC	3757	5,700	08/22/2017	09/13/2017	DPAU17000000	BPAU16000002
KINDEL GAGAN, INC	3005	5,700	09/13/2017	10/06/2017	DPAU17000071	BPAU16000002
KINDEL GAGAN, INC	3973	5,700	10/01/2017	10/25/2017	DPAU18000001	BPAU16000002
KINDEL GAGAN, INC	4013	5,700	11/01/2017	12/08/2017	DPAU18000007	BPAU16000002
KINDEL GAGAN, INC	4002	5,700	12/01/2017	01/19/2018	DPAU18000013	BPAU16000002
KINDEL GAGAN, INC	4131	5,700	01/01/2018	07/18/2018	DPAU18000047	
KINDEL GAGAN, INC	4186	5,700	02/01/2018	02/16/2018	DPAU18000018	
KINDEL GAGAN, INC	4256	5,700	03/01/2018	04/11/2018	DPAU18000026	
KINDEL GAGAN, INC	4321	5,700	04/10/2018	05/02/2018	DPAU18000028	
KINDEL GAGAN, INC	4380	5,700	05/01/2018	06/08/2018	DPAU18000038	
KINDEL GAGAN, INC	4430	5,700	06/01/2018	06/27/2018	DPAU18000045	
KINDEL GAGAN, INC	4480	5,700	07/01/2018	08/08/2018	DPAU18000049	
KINDEL GAGAN, INC	4541	5,700	08/01/2018	10/24/2018	DPAU18000000	
KINDEL GAGAN, INC	41:e9	5,700	09/01/2018	10/24/2018	DPAU18000070	
KINDEL GAGAN, INC	4647	5,700	10/01/2018	10/24/2018	DPAU19000006	
KINDEL GAGAN, INC	4007	5,700	11/01/2018	12/03/2018	DPAU19000000	
KINDEL GAGAN, INC	4755	5,700	12/01/2018	03/04/2019	DPAU19000022	
KINDEL GAGAN, INC	4804	5,700	01/01/2019	03/04/2019	DPAU19000020	
KINDEL GAGAN, INC	4854	5,700	02/01/2019	03/04/2019	DPAU19000021	
KINDEL GAGAN, INC	4001	5,700	03/01/2019	06/19/2019		
KINDEL GAGAN, INC	4943	5,700	04/01/2019	06/19/2019		
KINDEL GAGAN, INC	4997	5,700	05/01/2019	06/19/2019		
KINDEL GAGAN, INC	5046	5,700	06/01/2019	06/19/2019		
KINDEL GAGAN, INC	5102	5,700	07/01/2019	10/09/2019		
KINDEL GAGAN, INC	5145	5,700	08/01/2019	03/19/2020		

Vendor	Invoice Number	Paid Amount	Accounting Date	Check Cleared Date	Purchase Order	BPO/Munis Contract
KINDEL GAGAN, INC	5184	5,700	0a'01/2019	10'09/2019		
KINDEL GAGAN, INC	5241	5,700	10'01/2019	11/14/2019		
KINDEL GAGAN, INC	5296	5,700	11/01/2019	12/19/2019		
KINDEL GAGAN, INC	5349	5,700	12/01/2019	01/13/2020		
KINDEL GAGAN, INC	5403	5,700	01/31/2020	02/26/2020		
KINDEL GAGAN, INC	5450	5,700	02/01/2020	02/26/2020		
KINDEL GAGAN, INC	5493	5,700	03'01/2020	03'19/2020		
KINDEL GAGAN, INC	5539	5,700	04/14/2020	04/30/2020		
KINDEL GAGAN, INC	5584	5,700	05'04/2020	05'26/2020		
KINDEL GAGAN, INC	5620	5,700	06'01/2020	06'16/2020		
KINDEL GAGAN, INC	5659	5,700	07/01/2020	07/24/2020		
KINDEL GAGAN, INC	5001	5,700	08/01/2020	08/14/2020		
KINDEL GAGAN, INC	5738	5,700	0a-0112020	10'07/2020		
KINDEL GAGAN, INC	5777	5,700	10'01/2020	10'29/2020		
KINDEL GAGAN, INC	5820	5,700	11/01/2020	12/01/2020		
KINDEL GAGAN, INC	5862	5,700	12/01/2020	01/14/2021		
KINDEL GAGAN, INC	5895	5,700	01/01/2021	02/08/2021		
KINDEL GAGAN, INC	5933	5,700	02/02/2021	04/05/2021		
KINDEL GAGAN, INC	5982	5,700	03'01/2021	04/05/2021		
KINDEL GAGAN, INC	6025	5,700	04/01/2021	05'12/2021		
KINDEL GAGAN, INC	6088	5,700	05'01/2021	06'15/2021		
KINDEL GAGAN, INC	6132	5,700	06'01/2021	06'15/2021		
KINDEL GAGAN, INC	6179	5,700	07/01/2021	08/30/2021		
KINDEL GAGAN, INC	6225	5,700	08/01/2021	08/30/2021		
KINDEL GAGAN, INC	6272	5,700	0a-0112021	0a'29/2021		
	TOTAL	\$ 1,031,200				

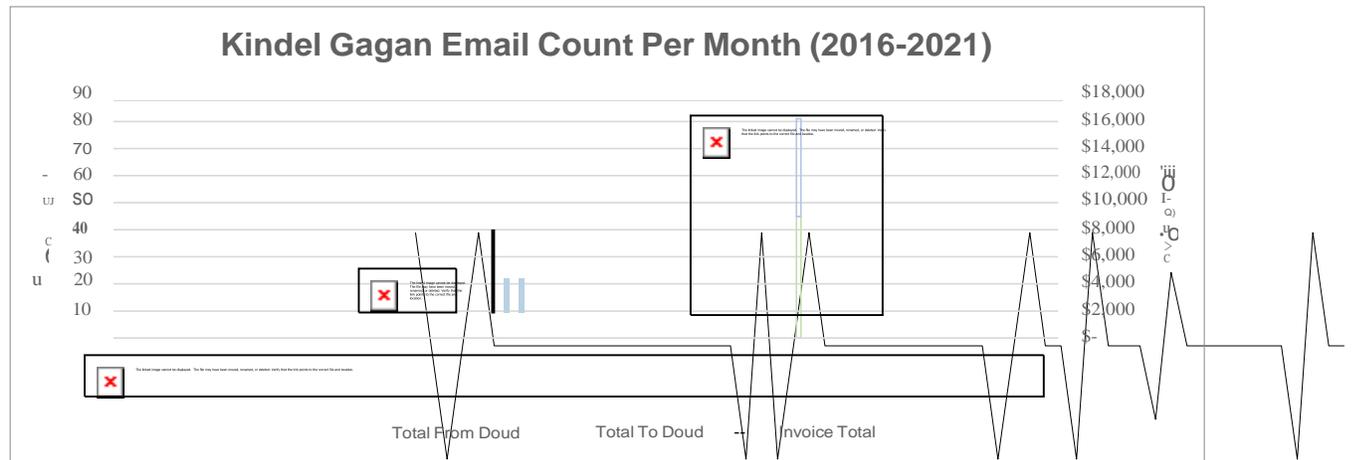
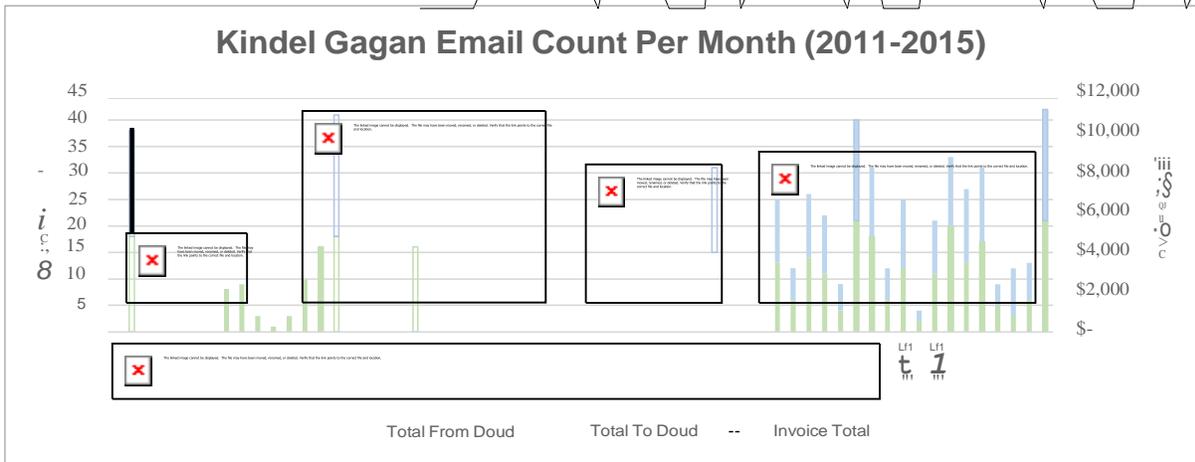
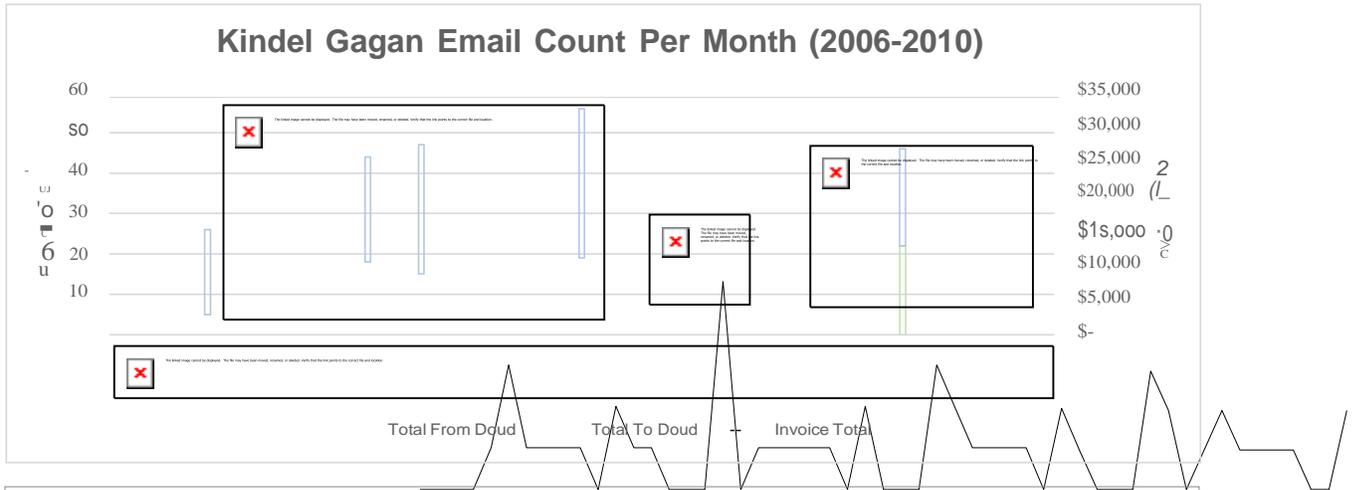
Vendor	Invoice Number	Paid Amount	Accounting Date	Check Cleared Date	Purchase Order	BPO/Munis Contract
DAVIS GROUP CONSULTING INC	AU7-6SV18JUL-30SEP06	\$ 12,500	11/15/2006	11/22/2006	DPAU07000006	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-9SV2006OCTOBER	5,000	11/20/2006	12/6/2006	DPAU07000009	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-14SV2006DECEMBER	5,000	1/11/2007	1/31/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-14SV2006NOVEMBER	5,000	1/11/2007	1/31/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-14SV2007DECEMBER	5,000	2/8/2007	2/28/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	FEBRUARY2007	5,000	3/20/2007	3/28/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-14SV1-30APR07	5,000	7/12/2007	7/19/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-14SV1-30JUN07	5,000	7/12/2007	7/19/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-14SV1-31MAR07	5,000	7/12/2007	7/19/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-14SV1-31MAY07	5,000	7/12/2007	7/19/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-14SV1-31JUL07	5,000	8/14/2007	8/28/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-14SV2007AUGUST	5,000	9/25/2007	10/10/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	AU7-83DT1SEP07	4,900	10/11/2007	10/10/2007	DPAU07000083	
DAVIS GROUP CONSULTING INC	VF-No Invoice Num		10/1/2007	Cancelled	DPAU07000083	
DAVIS GROUP CONSULTING INC	AU7-14SV2007SEPTEMBER	5,000	10/18/2007	10/31/2007	DPAU07000014	BPAU06000005
DAVIS GROUP CONSULTING INC	SERV-REND-DEC/2007	5,000	2/19/2008	2/27/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	SERV-REND-JAN/2008	7,500	2/19/2008	2/27/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	SERV-REND-NOV/2007	5,000	2/19/2008	2/27/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	SERV-REND-OCT/2007	5,000	2/19/2008	2/27/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	FEBRUARY2008	7,500	4/16/2008	4/22/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	MARCH2008	7,500	4/16/2008	4/22/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	05/01/08.AU08035	7,500	5/29/2008	6/11/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	MAY2008	7,500	6/11/2008	6/20/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	07/01/08.AU08035	7,500	7/8/2008	7/21/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	JULY2008	7,500	8/13/2008	8/19/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	09/01/08.AU08035	7,500	9/9/2008	9/17/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	10/01/08.AU08035	7,500	10/7/2008	10/15/2008	DPAU08000035	BPAU08000004
DAVIS GROUP CONSULTING INC	11/01/08.AU09017	7,500	12/10/2008	12/16/2008	DPAU09000017	BPAU09000002
DAVIS GROUP CONSULTING INC	VF-No Invoice Num		12/10/2008	Cancelled	DPAU09000017	
DAVIS GROUP CONSULTING INC	12/01/08.AU09017	7,500	12/12/2008	12/23/2008	DPAU09000017	BPAU09000002
DAVIS GROUP CONSULTING INC	01/01/09	7,500	1/15/2009	1/27/2009	DPAU09000017	BPAU09000002
DAVIS GROUP CONSULTING INC	12/01/08	118	1/16/2009	1/27/2009	DPAU09000027	BPAU09000002
DAVIS GROUP CONSULTING INC	04/01/09	5,000	4/17/2009	4/13/2009	DPAU09000017	BPAU09000002
DAVIS GROUP CONSULTING INC	AU0997SVS.8/13/09	7,500	8/21/2009	8/31/2009	DPAU09000097	BPAU09000002
DAVIS GROUP CONSULTING INC	AU0997SVS.9/09 & AU109SVS.10/09	7,500	11/11/2009	11/17/2009	Note1	Note 1
DAVIS GROUP CONSULTING INC	SERV11,12/09&01/10	7,500	2/10/2010	2/17/2010	DPAU10000040	BPAU10000002
DAVIS GROUP CONSULTING INC	DPAU09000017	5,000	6/30/2010	7/15/2010	DPAU10000082	BPAU10000002
DAVIS GROUP CONSULTING INC	JULY2012	6,000	9/10/2012	9/18/2012	DPAU12000078	BPAU12000006
DAVIS GROUP CONSULTING INC	AUG2012	6,000	9/10/2012	9/18/2012	DPAU12000079	BPAU12000006
DAVIS GROUP CONSULTING INC	SEPT2012	6,000	9/21/2012	9/27/2012	DPAU12000089	BPAU12000006
DAVIS GROUP CONSULTING INC	OCT2012	6,000	9/21/2012	9/27/2012	DPAU12000090	BPAU12000006
DAVIS GROUP CONSULTING INC	NOV-2012	6,000	11/29/2012	12/4/2012	DPAU13000011	BPAU12000006
DAVIS GROUP CONSULTING INC	DEC2012	6,000	12/3/2012	12/4/2012	DPAU13000012	BPAU12000006
DAVIS GROUP CONSULTING INC	JAN-2013	6,000	1/8/2013	1/15/2013	DPAU13000016	BPAU12000006
DAVIS GROUP CONSULTING INC	FEB-2013	6,000	2/11/2013	2/27/2013	DPAU13000020	BPAU12000006
DAVIS GROUP CONSULTING INC	MAR-2013	6,000	3/17/2013	3/14/2013	DPAU13000027	BPAU12000006
DAVIS GROUP CONSULTING INC	APRIL-2013	6,000	4/15/2013	4/19/2013	DPAU13000034	BPAU12000006
DAVIS GROUP CONSULTING INC	MAY-2013	6,000	5/13/2013	5/17/2013	DPAU13000041	BPAU12000006
DAVIS GROUP CONSULTING INC	JUNE-2013	6,000	6/10/2013	6/18/2013	DPAU13000051	BPAU12000006
DAVIS GROUP CONSULTING INC	JULY-2013	6,000	7/10/2013	7/16/2013	DPAU13000054	
DAVIS GROUP CONSULTING INC	20130801	6,000	8/6/2013	8/16/2013	DPAU13000057	
DAVIS GROUP CONSULTING INC	130930	7,500	9/3/2013	9/5/2013	DPAU13000062	
DAVIS GROUP CONSULTING INC	20130904	6,000	9/13/2013	9/19/2013	DPAU13000063	
DAVIS GROUP CONSULTING INC	10012013	6,055	10/21/2013	10/23/2013	DPAU14000005	
DAVIS GROUP CONSULTING INC	20131104	6,000	11/7/2013	11/14/2013	DPAU14000009	
DAVIS GROUP CONSULTING INC	131209	1,000	12/12/2013	12/17/2013	DPAU13000083	
DAVIS GROUP CONSULTING INC	131209	4,000	12/12/2013	12/17/2013	DPAU13000083	
DAVIS GROUP CONSULTING INC	20131203	6,000	12/12/2013	12/17/2013	DPAU14000017	
DAVIS GROUP CONSULTING INC	13012014	6,000	1/16/2014	1/21/2014	DPAU14000024	
DAVIS GROUP CONSULTING INC	20140207	6,000	2/10/2014	2/19/2014	DPAU14000030	
DAVIS GROUP CONSULTING INC	20140306	6,000	3/11/2014	3/24/2014	DPAU14000035	
DAVIS GROUP CONSULTING INC	20140415	6,000	4/23/2014	5/1/2014	DPAU14000043	
DAVIS GROUP CONSULTING INC	20140512	6,000	5/14/2014	5/23/2014	DPAU14000052	
DAVIS GROUP CONSULTING INC	5062014	6,000	6/17/2014	6/23/2014	DPAU14000058	
DAVIS GROUP CONSULTING INC	20140707	6,000	7/18/2014	7/24/2014	DPAU14000064	
DAVIS GROUP CONSULTING INC	20140804	6,000	8/8/2014	8/18/2014	DPAU14000072	
DAVIS GROUP CONSULTING INC	20140903	6,000	9/8/2014	9/11/2014	DPAU14000079	
DAVIS GROUP CONSULTING INC	140909	2,500	9/12/2014	9/17/2014	DPAU14000081	
DAVIS GROUP CONSULTING INC	20141007	6,000	10/21/2014	11/5/2014	DPAU15000002	
DAVIS GROUP CONSULTING INC	20141107	6,000	12/2/2014	12/4/2014	DPAU15000009	
DAVIS GROUP CONSULTING INC	1122014	6,000	12/10/2014	12/17/2014	DPAU15000011	
DAVIS GROUP CONSULTING INC	20150108	6,000	1/15/2015	1/20/2015	DPAU15000018	
DAVIS GROUP CONSULTING INC	20150224	6,000	3/3/2015	3/11/2015	DPAU15000026	
DAVIS GROUP CONSULTING INC	20150320	6,000	3/26/2015	4/17/2015	DPAU15000031	
DAVIS GROUP CONSULTING INC	20150420	6,000	5/17/2015	5/13/2015	DPAU15000036	
DAVIS GROUP CONSULTING INC	190211		3/12/2019	Voided	DPAU19000019	
DAVIS GROUP CONSULTING INC	190211		3/12/2019	Voided	DPAU19000019	
DAVIS GROUP CONSULTING INC	190211	6,000	3/12/2019	3/25/2019	DPAU19000019	
DAVIS GROUP CONSULTING INC	190305		3/12/2019	Voided	DPAU19000019	
DAVIS GROUP CONSULTING INC	190305		3/12/2019	Voided	DPAU19000019	
DAVIS GROUP CONSULTING INC	190305	3,000	3/12/2019	3/25/2019	DPAU19000019	
DAVIS GROUP CONSULTING INC	190403	3,000	5/16/2019	5/29/2019	29140019	
DAVIS GROUP CONSULTING INC	190603	3,000	6/4/2019	6/17/2019	29140019	
DAVIS GROUP CONSULTING INC	1905-626	3,000	6/26/2019	7/8/2019	29140019	
DAVIS GROUP CONSULTING INC	190903	3,000	9/11/2019	9/20/2019	29140019	
DAVIS GROUP CONSULTING INC	191001	3,000	10/29/2019	11/8/2019	21914430	32000039
DAVIS GROUP CONSULTING INC	191101	3,000	12/12/2019	12/19/2019	21914430	32000039
DAVIS GROUP CONSULTING INC	191202	3,000	12/12/2019	12/19/2019	21914430	32000039
DAVIS GROUP CONSULTING INC	200102	3,000	11/7/2020	1/21/2020	21914430	32000039
DAVIS GROUP CONSULTING INC	200605	18,000	7/9/2020	7/14/2020	22017772	32001000
DAVIS GROUP CONSULTING INC	200729	3,000	8/6/2020	8/26/2020	22019432	32001000

Davis Group Invoice Listing

Vendor	Invoice Number	Paid Amount	Accounting Date	Check Cleared Date	Purchase Order	BPO/Munis Contract
DAVIS GROUP CONSULTING INC	200831	3,000	9/1/2020	9/9/2020	22020841	32001000
DAVIS GROUP CONSULTING INC	200928	3,000	9/29/2020	10/7/2020	22022395	32001000
DAVIS GROUP CONSULTING INC	201027	3,000	1/14/2021	1/26/2021	22106223	32001000
DAVIS GROUP CONSULTING INC	201221	3,000	1/14/2021	1/26/2021	22106221	32001000
DAVIS GROUP CONSULTING INC	201222	3,000	1/14/2021	1/26/2021	22106222	32001000
DAVIS GROUP CONSULTING INC	210202	3,000	2/4/2021	2/16/2021	22107518	32001000
DAVIS GROUP CONSULTING INC	210303	3,000	3/18/2021	3/29/2021	22109737	32001000
DAVIS GROUP CONSULTING INC	210402	3,000	4/12/2021	4/19/2021	22111227	32001000
DAVIS GROUP CONSULTING INC	210510	3,000	5/17/2021	5/24/2021	22112999	32001000
DAVIS GROUP CONSULTING INC	60721	3,000	6/29/2021	7/12/2021	22115472	32001000
DAVIS GROUP CONSULTING INC	70821	3,000	7/15/2021	7/26/2021	22116336	32001000
DAVIS GROUP CONSULTING INC	210809	3,000	8/9/2021	8/16/2021	22116336	32001000
DAVIS GROUP CONSULTING INC	210907	3,000	9/17/2021	9/13/2021	22116336	32001000
TOTAL S		<u>527,073</u>				

Note 1: Check #00858268 in the amount of \$7,500 pays for invoices AU0997SVS.9/09 and AU109SVS.10/09; however, the voucher amounts for the invoices are \$2,300 and \$2,600, respectively, for a total of \$4,900. Refer to schedule below for PO and BPO/Munis Contract information for each invoice.

Vendor	Invoice Number	Voucher Amount	Accounting Date	Check Cleared Date	Purchase Order	BPO/Munis Contract
DAVIS GROUP CONSULTING INC	AU0997SVS.9/09	2,300	11/11/2009	11/17/2009	DPAU09000097	BPAU09000002
DAVIS GROUP CONSULTING INC	AU109SVS.10/09	2,600	11/11/2009	11/17/2009	DPAU10000009	
		<u>\$ 4,900</u>				



City of Long Beach
Kindel Gagan Email Count Per Month Detailed Listing

Exhibit4

Month	FROM DOUD TO MICHAEL GAGAN					TO DOUD FROM MICHAEL GAGAN			TOTAL	Invoice Total
	[a] Michael Gagan	[b] mgagan@k i n d e l gagan.com	[c] mgag an@rosek i n d e l .com	[d] Kindel Gagan	[e] = [a] through [d] Total From Doud	[f] Michael Gagan	[g] mgag an@k i n d e l gagan.com	[h] = [f] + [g] Total To Doud	[i] = [e] + [h] TOTAL	
Aug-06						4		4	4	\$
Sep-06			4		4	10		10	14	
Oct-06						7		7	7	
Nov-06						2		2	2	
Dec-06						2		2	2	6,000
Jan-07			5		5	21		21	26	18,000
Feb-07			2		2	13		13	15	6,000
Mar-07	3		1		4	11		11	15	6,000
Apr-07						5		5	5	6,000
May-07	1		1		2	10		10	12	6,000
Jun-07			4		4	13		13	17	
Jul-07	1		5		6	19		19	25	12,000
Aug-07	1		1		2	12		12	14	6,000
Sep-07			2		2	5		5	7	6,000
Oct-07	7		11		18	26		26	44	
Nov-07	1		4		5	14		14	19	
Dec-07						15		15	15	
Jan-08	14		1		15	32		32	47	30,000
Feb-08	5		2		7	11		11	18	
Mar-08	5		3		8	9		9	17	6,000
Apr-08	8		6		14	17		17	31	6,000
May-08	2				2	11		11	13	6,000
Jun-08	3		1		4	8		8	12	6,000
Jul-08	1		3		4	3		3	7	6,000
Aug-08	2		6		8	4		4	12	
Sep-08	6				6	14		14	20	12,000
Oct-08	19				19	37		37	56	
Nov-08	9				9	12		12	21	
Dec-08	2				2	2		2	4	
Jan-09			1		1	3		3	4	18,000
Feb-09	5				5	5		5	10	12,000
Mar-09	19				19	5		5	24	6,000
Apr-09	6				6	1		1	7	6,000
May-09	10				10	3		3	13	6,000
Jun-09	11				11	13		13	24	6,000
Jul-09	12				12	17		17	29	
Aug-09	2				2	4		4	6	11,700
Sep-09	10				10	12		12	22	5,700
Oct-09	2				2	1		1	3	
Nov-09	8				8	9		9	17	
Dec-09	6				6	8		8	14	
Jan-10	9	4			13	13	5	18	31	17,100
Feb-10	5				5	7	2	9	14	11,400
Mar-10	7	2			9	9	1	10	19	
Apr-10	21	1			22	23	1	24	46	5,700

City of Long Beach
Kindel Gagan Email Count Per Month Detailed Listing

Exhibit 4

Month	FROM DOUD TO MICHAEL GAGAN					TO DOUD FROM MICHAEL GAGAN			TOTAL	Invoice Total
	(a) Michael Gagan	(b) mgagan@k i n d e l gagan.com	(c) mgag an@rosek i n d e l.com	(d) Kindel Gagan	(e) = (a) through (d) Total From Doud	(f) Michael Gagan	(g) mgag an@k i n d e l gagan.com	(h) = (f) + (g) Total To Doud	(i) = (e) + (h) TOTAL	
May-10	9	2			11	10		10	21	11,400
Jun-10	11	5			16	12		12	28	5,700
Jul-10	11				11	7		7	18	5,700
Aug-10	15	2			17	12		12	29	5,700
Sep-10	7	4			11	6		6	17	5,700
Oct-10	9				9	8		8	17	
Nov-10	6	5			11	8		8	19	
Dec-10	6	2			8	5	1	6	14	11,400
Jan-11	1	1			2	1		1	3	11,400
Feb-11	12	6			18	20		20	38	5,700
Mar-11	6	4			10	8		8	18	
Apr-11	9	4			13	9		9	22	5,700
May-11	3				3	2		2	5	11,400
Jun-11	5				5	7		7	12	5,700
Jul-11	2	2			4	6		6	10	5,700
Aug-11	5	2		1	8	6		6	14	5,700
Sep-11	5	4			9	8		8	17	5,700
Oct-11		3			3	5		5	8	5,700
Nov-11	1				1	1		1	2	5,700
Dec-11	1	2			3	1		1	4	5,700
Jan-12	5	5			10	10		10	20	5,700
Feb-12	10	6			16	15		15	31	5,700
Mar-12	12	6			18	23		23	41	5,700
Apr-12	4	1			5	4		4	9	5,700
May-12	3				3	4		4	7	5,700
Jun-12	1	1			2	2	1	3	5	5,700
Jul-12	9	2			11	9		9	20	5,700
Aug-12	11	5			16	15		15	31	5,700
Sep-12	7	3			10	6		6	16	5,700
Oct-12	10	4			14	10		10	24	
Nov-12	5	2			7	6		6	13	11,400
Dec-12	5	2			7	3		3	10	
Jan-13	5	4			9	6		6	15	5,700
Feb-13	4	3			7	7		7	14	11,400
Mar-13	2	1			3	3		3	6	5,700
Apr-13	2	3			5	7		7	12	5,700
May-13	1				1	1		1	2	5,700
Jun-13	8	3			11	8		8	19	5,700
Jul-13	6	1			7	7		7	14	5,700
Aug-13	4	1			5	3		3	8	5,700
Sep-13	5	1			6	2		2	8	5,700
Oct-13	2	2			4	2		2	6	5,700
Nov-13	2	2			4	4		4	8	5,700
Dec-13	5	1			6	6		6	12	5,700
Jan-14	9	2			11	12		12	23	5,700

City of Long Beach
Kindel Gagan Email Count Per Month Detailed Listing

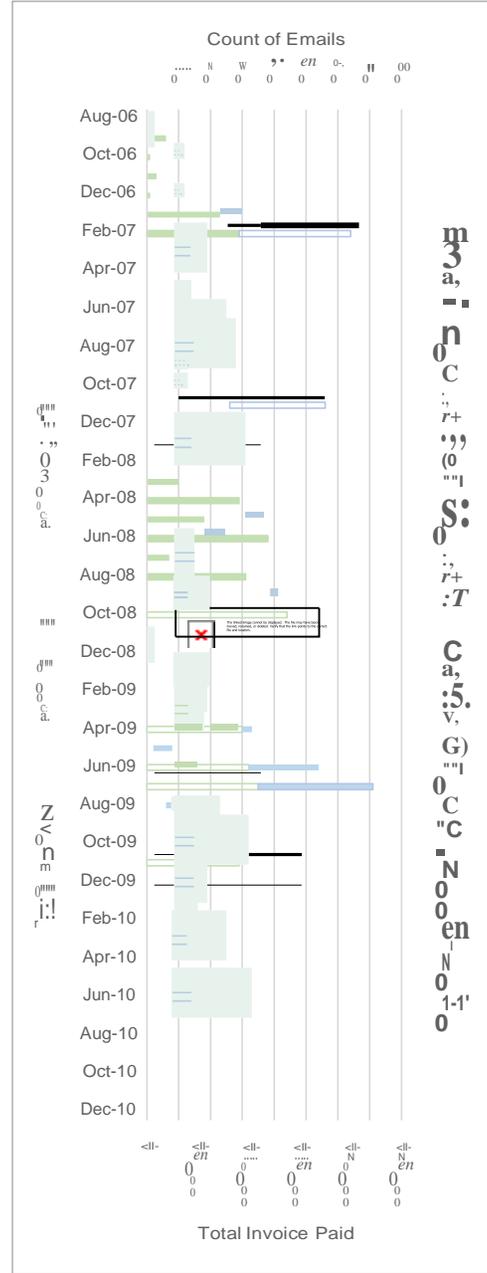
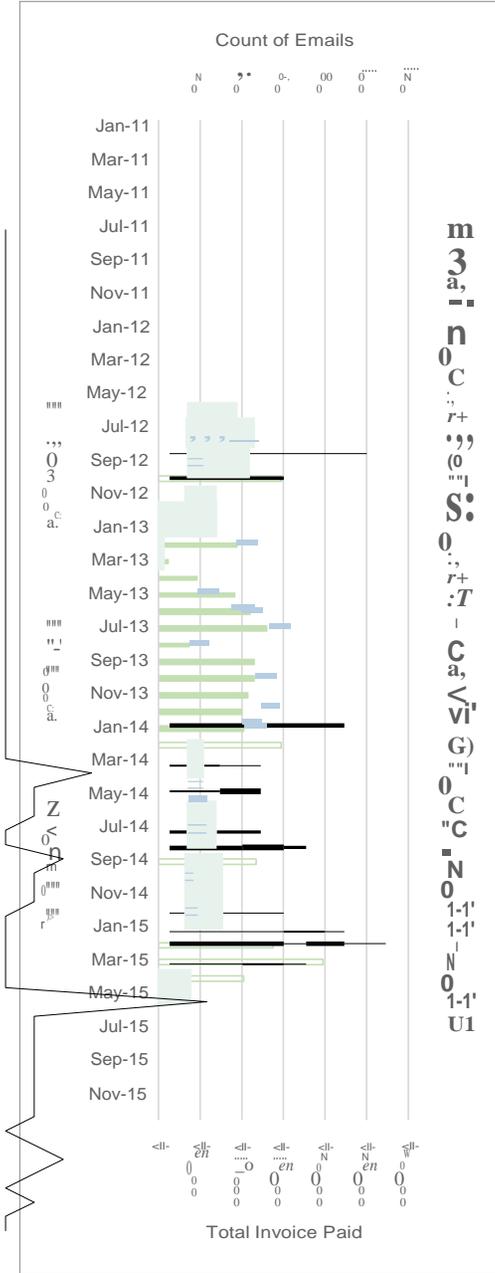
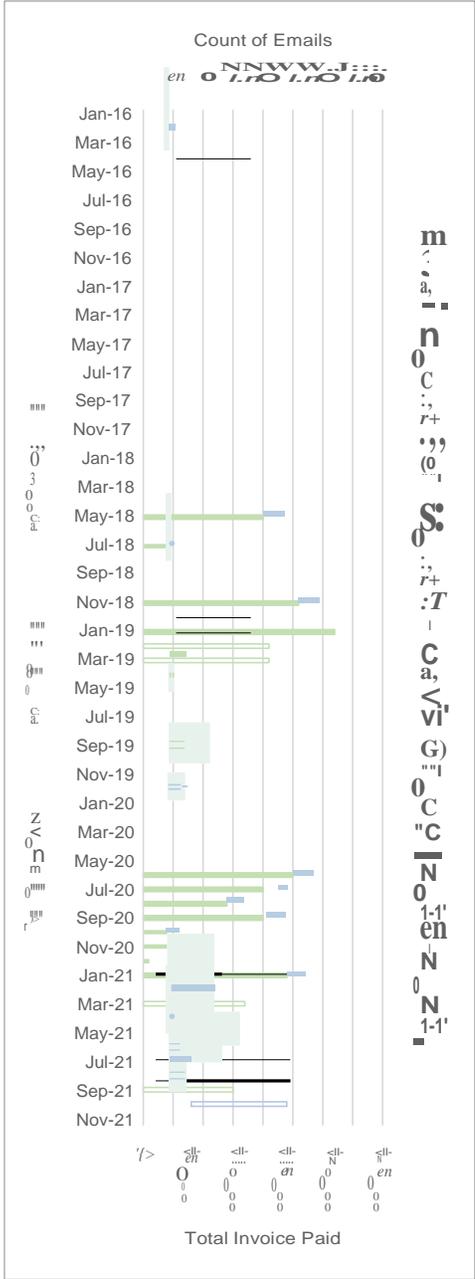
Exhibit4

Month	FROM DOUD TO MICHAEL GAGAN					TO DOUD FROM MICHAEL GAGAN			TOTAL	Invoice Total
	(a) Michael Gagan	(b) mgagan@k i n d e l gagan.com	(c) mgag an@rosek i n d e l .com	(d) Kindel Gagan	(e) = (a) through (d) Total From Doud	(f) Michael Gagan	(g) mgag an@k i n d e l gagan.com	(h) = (f) + (g) Total To Doud	(i) = (e) + (h) TOTAL	
Feb-14	2	1			3	4		4	7	
Mar-14	12	3			15	16		16	31	5,700
Apr-14	4	3			7	6		6	13	11,400
May-14	1				1	1		1	2	5,700
Jun-14	10	2			12	8		8	20	5,700
Jul-14	13				13	12		12	25	
Aug-14	6				6	6		6	12	11,400
Sep-14	14				14	12		12	26	5,700
Oct-14	11				11	11		11	22	5,700
Nov-14	4				4	5		5	9	5,700
Dec-14	21				21	19		19	40	2,000
Jan-15	18				18	13		13	31	9,400
Feb-15	6				6	6		6	12	5,700
Mar-15	12				12	13		13	25	5,700
Apr-15	2				2	2		2	4	5,700
May-15	11				11	10		10	21	5,700
Jun-15	20				20	13		13	33	5,700
Jul-15	13				13	14		14	27	5,700
Aug-15	17				17	14		14	31	5,700
Sep-15	5				5	4		4	9	
Oct-15	3				3	9		9	12	11,400
Nov-15	6				6	7		7	13	5,700
Dec-15	21				21	21		21	42	5,700
Jan-16	22				22	18		18	40	
Feb-16	12				12	7		7	19	
Mar-16	6				6	6		6	12	17,100
Apr-16	6				6	4		4	10	5,700
May-16	9				9	5		5	14	5,700
Jun-16	12				12	13		13	25	5,700
Jul-16	2				2	4		4	6	5,700
Aug-16						5		5	5	5,700
Sep-16										5,700
Oct-16						10		10	10	
Nov-16						15		15	15	
Dec-16						17		17	17	17,100
Jan-17						22		22	22	5,700
Feb-17						12		12	12	
Mar-17						8		8	8	11,400
Apr-17						11		11	11	5,700
May-17						2		2	2	5,700
Jun-17						5		5	5	
Jul-17	5				5	13		13	18	5,700
Aug-17	10				10	7		7	17	11,400
Sep-17	6				6	7		7	13	5,700
Oct-17	12				12	10		10	22	5,700

Kindel Gagan Email Count Per Month Detailed Listing

	FROM DOUD TO MICHAEL GAGAN					TO DOUD FROM MICHAEL GAGAN			TOTAL		[j]
	[a]	[b]	[c]	[d]	[e] = [a] through [d]	[f]	[g]	[h] = [f] + [g]	[i] = [e] + [h]		
Month	Michael Gagan	mgagan@k inde lgagan.com	mgag an@rosek inde l.com	Kindel Gagan	Total From Doud	Michael Gagan	mgag an@k inde lgagan.com	Total To Doud	TOTAL	Invoice Total	
Nov-17	13				13	9		9	22	5,700	
Dec-17	13				13	11		11	24	5,700	
Jan-18	15				15	10		10	25		
Feb-18	6				6	6		6	12	5,700	
Mar-18	1				1	1		1	2	5,700	
Apr -18	11				11	7		7	18	5,700	
May-18	21				21	18		18	39	5,700	
Jun-18	11				11	9		9	20	11,400	
Jul-18	11				11	10		10	21	5,700	
Aug-18	8				8	4		4	12		
Sep-18	9				9	9		9	18	11,400	
Oct-18	12				12	7		7	19	5,700	
Nov-18	9				9	8		8	17	5,700	
Dec-18	4				4				4		
Jan-19	5				5	1		1	6		
Feb-19	12				12				12	17,100	
Mar-19	4				4				4	5,700	
Apr -19										5,700	
May-19	8				8				8	5,700	
Jun-19	7				7				7	5,700	
Jul-19	2				2	1		1	3	5,700	
Aug-19	9				9	2		2	11	5,700	
Sep-19	6				6	2		2	8	5,700	
Oct-19	4				4	7		7	11	5,700	
Nov-19	14				14				14	5,700	
Dec-19	10				10	7		7	17	5,700	
Jan-20	8				8	5		5	13	5,700	
Feb-20	4				4	5		5	9	5,700	
Mar-20	6				6	5		5	11	5,700	
Apr -20	45				45	36		36	81	5,700	
May-20	13				13	12		12	25	5,700	
Jun-20	15				15	13		13	28	5,700	
Jul-20	13				13	15		15	28	5,700	
Aug-20	7				7	6		6	13	5,700	
Sep-20	4				4	2		2	6	5,700	
Oct-20	9				9	6		6	15	5,700	
Nov-20										5,700	
Dec-20	6				6	1		1	7	5,700	
Jan-21	1				1				1	5,700	
Feb-21	4				4	1		1	5	5,700	
Mar-21	5				5	4		4	9	5,700	
Apr -21	7				7	5		5	12	5,700	
May-21	8				8	2		2	10	5,700	
Jun-21	16				16	16		16	32	5,700	
Jul-21	11				11	11		11	22	5,700	

Month	FROM DOUD TO MICHAEL GAGAN					TO DOUD FROM MICHAEL GAGAN			TOTAL	
	[a] Michael Gagan	[b] mgagan@kindelgagan .com	[c] mgagan@rosekindel .com	[d] Kindel Gagan	[e] = [a] through [d] Total From Doud	[f] Michael Gagan	[g] mgagan@kindelgagan .com	[h] = [f] + [g] Total To Doud	[i] = [e] + [h] TOTAL	[j] Invoice Total
Aug-21	7				7	6		6	13	5,700
Sep-21	12				12	6		6	18	5,700
Oct-21	2				2				2	
Nov-21	1				1	1		1	2	
TOTAL	1,247	125	63	1	1,436	1,513	11	1,524	2,960	\$ 1,036,200



[Red X]

City of Long Beach
 Davis Group Email Count Per Month Detailed Listing

Month	FROM DUDU TO DAVIS GROUP										TO DUDU FROM DAVIS GROUP				INVOICE
	(b)	(d)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(r)	
Jan-18															
Feb-18															
Mar-18															
Apr-18															
May-18															
Jun-18															
Jul-18															
Aug-18															
Sep-18															
Oct-18															
Nov-18															
Dec-18															
Jan-19															3,000
Feb-19															3,000
Mar-19															3,000
Apr-19															3,000
May-19															3,000
Jun-19															3,000
Jul-19															3,000
Aug-19															3,000
Sep-19															3,000
Oct-19															3,000
Nov-19															3,000
Dec-19															3,000
Jan-20															3,000
Feb-20															3,000
Mar-20															3,000
Apr-20															3,000
May-20															3,000
Jun-20															3,000
Jul-20															3,000
Aug-20															3,000
Sep-20															3,000
Oct-20															3,000
Nov-20															3,000
Dec-20															3,000
Jan-21															3,000
Feb-21															3,000
Mar-21															3,000
Apr-21															3,000
May-21															3,000
Jun-21															3,000
Jul-21															3,000
Aug-21															3,000
Sep-21															3,000
Oct-21															3,000
Nov-21															3,000
Dec-21															3,000
TOTAL	889		268				270								0
										2,268	605	606		1,384	\$ 527,023

Month	FROM DOUD TO MICHAEL GAGAN			TO DOUD FROM MICHAEL GAGAN		TOTAL	
	(a)	(b)	(c)	(d)=[a]+[b]+[c]	(e)		(f)=[e]
	Michael Gagan	mgagan@kindelgagan.com	mgagan@rosekindel.com	Total From Doud	Michael Gagan	Total To Doud	
2006-09			2	2	3	3	5
2006-10					1	1	1
2006-11							
2006-12							
2007-01			4	4	11	11	15
2007-02			1	1	2	2	3
2007-03					1	1	1
2007-04							
2007-05					1	1	1
2007-06					1	1	1
2007-07			1	1	3	3	4
2007-08							
2007-09			1	1	1	1	2
2007-10					1	1	1
2007-11							
2007-12					1	1	1
2008-01	1			1	1	1	2
2008-02							
2008-03							
2008-04							
2008-05							
2008-06							
2008-07							
2008-08							
2008-09							
2008-10	8			8	10	10	18
2008-11							

Month	FROM DOUD TO MICHAEL GAGAN			TO DOUD FROM MICHAEL GAGAN		TOTAL	
	(a)	(b)	(c)	(d)=[a]+[b]+[c]	(e)		(f)=[e]
	Michael Gagan	mgagan@kindelgagan.com	mgagan@rosekindel.com	Total From Doud	Michael Gagan	Total To Doud	
2008-12							
2009-01							
2009-02							
2009-03	5			5	1	1	6
2009-04							
2009-05	1			1	1	1	2
2009-06							
2009-07	2			2	3	3	5
2009-08							
2009-09	2			2	4	4	6
2009-10							
2009-11	1			1	1	1	2
2009-12							
2010-01							
2010-02							
2010-03					1	1	1
2010-04					1	1	1
2010-05							
2010-06					1	1	1
2010-07	1			1	1	1	2
2010-08							
2010-09	1	1		2			2
2010-10							
2010-11							
2010-12					1	1	1
2011-01							
2011-02					1	1	1
2011-03							
2011-04							

Month	FROM DOUD TO MICHAEL GAGAN			TO DOUD FROM MICHAEL GAGAN		TOTAL	
	[a]	[b]	[c]	[d] = [a] + [b] + [c]	[e]		[f] = [e]
	Michael Gagan	mgagan@kindelgagan.com	mgagan@rosekindel.com	Total From Doud	Michael Gagan	Total To Doud	
2011-05							
2011-06							
2011-07							
2011-08							
2011-09							
2011-10							
2011-11							
2011-12							
2012-01							
2012-02							
2012-03							
2012-04							
2012-05							
2012-06							
2012-07							
2012-08							
2012-09							
2012-10							
2012-11							
2012-12							
2013-01							
2013-02							
2013-03							
2013-04							
2013-05							
2013-06							
2013-07							
2013-08							
2013-09							

Month	FROM DOUD TO MICHAEL GAGAN			TO DOUD FROM MICHAEL GAGAN		TOTAL	
	[a]	[b]	[c]	[d] = [a] + [b] + [c]	[e]		[f] = [e]
	Michael Gagan	mgagan@kindelgagan.com	mgagan@rosekindel.com	Total From Doud	Michael Gagan	Total To Doud	
2013-10							
2013-11							
2013-12							
2014-01							
2014-02							
2014-03							
2014-04							
2014-05							
2014-06							
2014-07							
2014-08							
2014-09							
2014-10							
2014-11							
2014-12							
2015-01							
2015-02							
2015-03							
2015-04							
2015-05							
2015-06							
2015-07							
2015-08							
2015-09							
2015-10							
2015-11							
2015-12							
2016-01							
2016-02							

Month	FROM DOUD TO MICHAEL GAGAN			TO DOUD FROM MICHAEL GAGAN		TOTAL	
	(a)	(b)	(c)	(d) = (a) + (b) + (c)	(e)		(f) = (e)
	Michael Gagan	mgagan@kindelgagan.com	mgagan@rosekindel.com	Total From Doud	Michael Gagan	Total To Doud	
2016-03							
2016-04							
2016-05							
2016-06							
2016-07							
2016-08							
2016-09							
2016-10							
2016-11							
2016-12							
2017-01							
2017-02							
2017-03					2	2	2
2017-04							
2017-05							
2017-06							
2017-07	1			1	1	1	2
2017-08	2			2	1	1	3
TOTAL	25	1	9	35	57	57	92

Attachments

Attachment 1 - City Regulations

Administrative Regulations

Number AR8-4
Issue 3

MEMORANDUM

Date: June 10, 1993

to: Administrative Regulation Manual Holders

from: Mark A. Sandoval, Manager, Support Services Bureau, General Services

subject: REVISED ADMINISTRATIVE REGULATION 8-4

Attached is the revised Administrative Regulation 8-4, "Selecting Professional Consultants." The revised regulation includes the following significant changes:

- All reference to Sole Source selections were removed from this Administrative Regulation, and relocated to Administrative Regulation 23-3, in compliance with a suggestion by the City Attorney;
- Procedures which require approval to solicit from fewer than the required number of consultants were added. The required approvals are:
 - City Manager, for projects in excess of \$50,000 (Section VI-A-2), and
 - City Manager, or his designee, for projects of \$10,000 to \$50,000 (Section VI- B-1);
- The procedures were changed to reflect the fact that the requesting department prepares the appropriate Council Letter(s), and not the Director of General Services (Section VI- A-8);
- Procedures were added to reflect the fact that the City Attorney must prepare all contracts in excess of \$50,000, that contracts are limited to one year with two one year options, and that final payment can not be made unless the scope of services has been fully performed (Section VII);
- Procedures were added pertaining to department head responsibilities with regards to completion of Conflict of Interest Code disclosure statements by the consultant (Section VII); and. A section establishing limitations on and increases to professional services contracts/agreements has been included (Section VIII).

If you have any questions regarding these changes, please contact me at 590-6713.

MAS:dvl

Attachment:

ADMINISTRATIVE REGULATION

Number 8-4

Issue 3

SUBJECT: SELECTING PROFESSIONAL CONSULTANTS

I. PURPOSE

This regulation establishes policies and procedures governing the selection of professional consultants in the performance of City work.

This regulation is issued so that the City may continue to recognize and maintain the professional status of those offering professional services. It embodies the standards, accepted procedures and ethics of the national and local societies and organizations of those professionals, which will be required to provide services to the City of Long Beach.

II. SCOPE

This regulation is applicable to City departments and offices directly responsible to the City Manager. In the interest of uniformity, effectiveness and completeness, it is requested that elective offices and other independent offices, commissions, boards and departments also comply with this regulation.

III. AMENDMENT

The City Manager may amend the policy, procedures and contents set forth in this regulation from time to time as appropriate.

IV. POLICY

Professional consultants for specific projects requiring a special expertise may be retained from the private sector to augment the City's professional capabilities during peak workload periods and for specialized services not available to the City through Civil Service certification or from the existing work force.

Consultant services may cover a wide range of professional activities, including, but not limited to, studies, special reports, special rate investigations, management, human resources, financial and legal consultants and other professionals who are considered experts.

Many professional societies object to the practice of bidding to provide services. Such a practice implies that the consideration of price, rather than quality and service, may be the predominant factor in the selection of the consultant. The City does not consider price to be the predominant selection factor, but does consider it to be a significant factor.

The City recognizes that professionals have unique expertise in their own disciplines based upon working relationships with many clients with widely differing approaches to problem solving. Each has encountered many and varied problems which provide for a vast accumulation of data and information based upon actual experience. This knowledge and experience is often directed in a specialized area.

Payment of a reasonable and adequate fee for such knowledge and experience assures the recipient of a comprehensive and technically satisfactory professional service.

It is the City's policy when selecting and using professional consultants to have open business access and to obtain top quality service at a reasonable price. The selection of a professional consultant without the use of the procedures described herein should be kept to a minimum. In those instances, the circumstances should be properly justified and determined to be in the best interests of the City, and prior approval must be obtained.

V. REASONS FOR RETAINING A PROFESSIONAL CONSULTANT

- A. The City will obtain specialized professional services and unbiased opinion in an effective and economical manner.
- B. The City will obtain the benefit of a consultant's extensive experience in a specialized field.
- C. The City will be able to meet its peak workload demands on specific tasks by utilizing the private sector which is subject to call and is not a continuing expense to the City.
- D. The cost of a professional consultant's service is both reasonable and fair when compared to on-going costs for arriving at informed decisions in specialized professional areas.
- E. A specific expertise is not available within the City's work force.

VI. METHOD OF SELECTING A PROFESSIONAL CONSULTANT

NOTE: When a department intends to charge the consulting cost to a grant, it must do the following: Verify that consulting work is approved for the grant and determine the grantor's requirements for such selections. The department is to adhere to the grantor's procedures or to the City's procedures (whichever are more stringent).

A. Major Projects - Anticipated Fee of Over \$50,000

1. The appropriate department head and/or lead manager shall appoint a selection board of qualified individuals. The size of the selection board is at the discretion of the department head or lead manager. When an unusual project poses special problems beyond the experience of City staff, the selection board may be augmented by an unbiased, qualified member of the profession being considered, as long as that person is not a proposer for the work to be performed.

2. The selection board will identify not fewer than five (5) consulting firms or individuals who are professionally and financially qualified to undertake the proposed project. Departments are encouraged to contact the Purchasing Division of the Department of General Services as a source of interested firms and individuals.

Purchasing has access to directories and lists of consultants in particular specialties. When five (5) potential consultants are unavailable, or when a department wishes to hire a professional consultant without searching for and evaluating proposals, City Manager approval shall be obtained to solicit from a smaller selected list. Every effort should be made to solicit proposals from minority and women owned businesses, as well as business enterprises located within the City of Long Beach, whenever possible.

3. The department head or designee(s) shall develop a letter of interest, a request for qualifications, or a request for proposal of the City's proposed project. The letter should include a general description of the project and request the consultant to respond by indicating qualification, capability and interest in the project.

A request for proposal may include, but not be limited to:

- a) A cover letter which summarizes the project;
- b) A request for information about the consultant, including background information about the individuals who would be assigned to the project;
- c) Scope of service requirements;
- d) A request that proprietary information in the proposal be identified as such;
- e) A copy of a sample agreement for consulting services which would be the basis for agreement with the selected consultant; (Note: The consultant may be asked to provide this)
- f) A statement that the request for proposal shall be the basis for negotiation of terms and conditions of a contract;
- g) The time, date and place of delivery for proposals;
- h) The name, title and telephone number of the City employee who shall serve as contact for all proposers;
- i) A request for a proposed fee;
- j) The proposer's Taxpayer Identification Number, Employer Identification Number, or Social Security Number.

4. The department head or designee(s) shall develop a standard to pre-screen and evaluate all proposals. Weighted values should be assigned for each criterion of evaluation. These values may be weighted differently depending on the project. The department head will review and concur with the weighted values.

Criteria for evaluation may include, but need not be limited to, the following:

- a) Experience in performing the type of work required;
- b) Record of the firm in accomplishing work assignments or other projects in the agreed upon time;
- c) Quality of work previously performed by the firm;
- d) Recent experience showing accuracy of cost estimates and the ability to meet deadlines;
- e) Community relations, including evidence of sensitivity to citizen concerns;
- f) Financial stability of the firm;
- g) Completeness in answering request for proposal;
- h) The proposed fee relative to the services to be provided.

After this initial pre-screening, the selection board shall interview those consulting firms which appear to be most qualified. Late or untimely responses by prospective candidates should not be considered further. The ability to respond to a request for proposal or letter in a timely and responsible manner is essential to a satisfactory contractual relationship.

5. Before conducting oral interviews, the selection board shall meet to determine a list of questions to be asked of all proposers. Additional questions may be asked, as appropriate, during the interview. The fees discussed with one proposer should not be disclosed to any other proposer.

6. Immediately upon conclusion of interviews, the selection board should evaluate the qualifications of the finalists and rank the candidates in order of preference. The lead manager shall then prepare a statement of justification for the selection. This statement shall include a history of the proposal process, the number of proposals requested, the number submitted, and any additional information unique to the process. The statement of justification shall be submitted to the department head for review and concurrence, and should be retained for at least two years after the selection. It is not necessary to retain evaluation sheets or interview notes.

7. The department head and/or lead manager designated by the City Manager negotiates a professional services contract with the firm(s) selected by the selection board for the service to be rendered and the method and amount of compensation. The City Attorney must review the terms of the contract before approval is sought from the City Council.

8. The department then prepares the Council Letter for all contract awards, which is then presented to the City Manager and City Council for approval of the consultant and terms of the proposed contract. In the transmittal letter to the City Council, background information on the consultant selection process including number of respondents, and a request for the City Attorney to prepare the contract must be included.

9. The department then forwards the executed contract to the City's Purchasing Agent, who will execute the purchase order.

B. Intermediate Projects - Fee of \$10,000 to \$50,000

1. Follow all procedures under major projects above utilizing a selection board composed of qualified individuals, and consider no fewer than three (3) qualified firms or individuals. When three potential consultants are unavailable, or when a department wishes to hire a professional consultant without searching for and evaluating proposals, City Manager (or designee) approval shall be sought to solicit from a smaller selected list. Every effort should be made to solicit proposals from minority and women owned business enterprises.

2. The department head forwards the selection, terms of the proposed contract/purchase order and background information on the consultant selection process to the Director of General Services, or designee, for approval.

3. The final contract/purchase order is then executed by the City Purchasing Agent.

C. Minor Projects - Fees less than \$10 000

1. Department heads and/or the Department of General Services shall maintain a current file of qualified professional consultants in various categories.

When selecting a consultant to provide services project, the department head, in addition to capability and qualifications, considers consultants on a rotational basis whenever feasible. This selection is subject negotiation procedure. Every effort should be made proposals from minority and women owned business enterprises.

2. The department head forwards the terms of contract/purchase order to the Director of General Services, for approval.

3. The final contract/purchase order is then executed City Purchasing Agent.

VII. POST SELECTION PROCEDURES

When a consulting contract is to be awarded, letters should be sent to all proposers: one to the successful proposer giving the date of award and others to the unsuccessful proposers with that date and a statement of rejection. Rejection letters should not give reasons for rejection and ask that any further inquiries be directed to the City's project manager identified in the letter.

The City Attorney will prepare all contracts for \$50,000. Included in the contract shall be a fixed maximum amount of compensation, an effective date for the start of services, an expiration date, and a definitive description of the scope of services. Contracts shall be for no more than one year or project completion, whichever is earlier. Two option period of one each may be approved.

The agreement may provide for differing methods of compensation based upon the type of work to be performed. Fixed fee or cost plus fixed fee compensation are commonly used. Compensation is paid as services are performed rather than in advance. The agreement should specify the frequency of compensation and require that the consultant submit billings in accordance with contract and/or statement of work. All contracts shall contain a stated maximum fee which will not be exceeded without prior written approval. Under no circumstances will final payment be made unless the scope of services are fully performed.

All agreements for professional services shall be prepared with particular attention to the management phase of the contract. A single project manager shall be designated by the department for purposes of contract administration. In addition, equal employment, as well as, minority and women-owned business non-discrimination clauses to further adopted City goals and policies shall be included in all professional services contracts. The Director of Public Works shall be provided with data for all MBE/WBE contract awards.

The department shall ensure that the other departments which have a proper interest in the work under consideration are kept informed as to the progress of the work and that the needs of the user are constructively considered within the context of financial and practical limitations. The department shall also ensure that the consultant has a current Long Beach Business License, if required.

If a consultant, within the scope of the contract, will be acting in a decision-making capacity, or will be making recommendations of action to the City that will more than likely be followed, the department head must make a determination as to potential conflict of interest. The department head may determine in writing that a particular consultant is hired to perform a range of duties that is limited in scope, and thus is not required to fully comply with the disclosure requirements in the City's Conflict of Interest Code, or the consultant must complete the applicable disclosure statements in compliance with the City's Conflict of

Interest Code. In either event, these documents are public record and must be retained in the same manner and location as all Conflict of Interest Code documents

VIII. INCREASES TO CONSULTANT AGREEMENTS

For any consultant contract that exceeds \$50,000, increases will not be allowed without further approval by the City Council, unless both the original City Council Letter and the original contract include language specifying the amount or percentage increase available.

For any consultant purchase order that is written in the amount of \$50,000 or less, the City Manager, or designee, has the authority to increase the purchase order up 10% above the original purchase order, except in the following circumstances:

- A. The original agreement includes language to increase the agreement by an amount other than 10%.
 - B. An increase will not be allowed if the original agreement was \$50,000 or less, and the increase will cause the agreement to exceed \$50,000.
- In all instances, increases must be approved by the City Manager or designee.

IX. BUDGET PROCEDURES

Departments need to plan ahead for their consulting needs as much as possible. They should list and explain their proposed projects as well as need for contingencies for unanticipated projects during the budget review process.



Administrative Regulations

Number AR 8-30
Issue 2

Subject: City Technology, Equipment, and Resources

I. Purpose

To guide the appropriate operation and/or use of the City's Electronic Messaging Accounts, and City provided Technology, Equipment, and Resources, including, but not limited, to desktop, laptop, notebook computers and computing systems, networks, software, internal and external e-mail, the Internet and intranet as well as communications-related tools and other electronic media such as tablets, smart phones, cell phones, pagers, fax machines, copiers, voicemail, and any electronic device purchased by the City, but not listed (collectively referred to hereafter as "technology, equipment, and resources").

This Regulation also covers personally-owned devices used in the course of employment, including tablets, laptops, and smart phones. Covered Individuals are to ensure the City's Technology, Equipment, and Resources are secure and reliable while enhancing the productivity, efficiency, and effectiveness of City operations. The intent of this Regulation is to prevent inappropriate use of the City's Technology, Equipment, and Resources that may expose the City to risks and viral attacks, compromise of network systems and services, and legal issues.

II. Definitions

For the purposes of this Regulation, these terms are defined as follows:

- A. Cloud-Based e-mail, Office Productivity Software and Internet-based Applications: Software authorized for use pursuant to Department of Technology and Innovation (TI Department) standards and procedures that is accessible from any personal computer or device via the Internet.
- B. City Business: Information relating to the conduct of the public's business or communications concerning matters within the subject matter of the City's jurisdiction. Resolution of the question of what information or communication constitutes "city business" will involve an examination of several factors, including: (a) the content itself; (b) the context in, or purpose for which the communication was written; (c) the audience to whom it was directed; (d) the purpose of the communication; and (e) whether a writing

was prepared by a City official acting or purporting to act within the scope of his or her City employment.

- C. Contractor : Any person who contracts with the City through an agreement to supply certain materials or provide services for a period of time and/or compensation; not a City employee. Contractors are included in the scope of "Covered Individuals."
- D. Covered Individual: All current employees, contractors, consultants, commissioners (if applicable), third-party employees, interns, and volunteers who are provided access to the City's technology, equipment, and resources.
- E. California E-Discovery Law: California Assembly Bill 5 (Electronic Discovery Act) requires processes and technologies to be in place related to finding and managing electronically stored information that might be relevant in a foreseeable legal dispute. The law requires the agency to stop any automated or regular purging of relevant electronically stored information at the first notification that a legal dispute may be forthcoming.
- F. California Electronic Communications Privacy Act (CalECPA) SB 178: Limits a government entity from being able to search or access non-Public Records on an electronic device (e.g., smart phone, computer) or electronic information on a network (e.g., e-mail) without a search warrant or court order. Also refer to Policy Regarding Use of Private Electronic Devices to Conduct City Related Business.
- G. California Public Records Act (PRA): State law found in California Government Code, Section 6250 et seq., concerning the disclosure of public records. Under the California PRA, records maintained by the City are subject to inspection by the public upon request unless specifically exempted from disclosure under the law.
- H. Cyber Security Standards: A set of standards and procedures related to cyber security that are established by the TI Department, which detail the obligatory requirements of Covered Individuals to protect the Technology, Equipment, and Resources of the City.
- I. Electronic Communication: Any and all electronic transmission or any record thereby created, regardless of the manner in which the record has been stored. "Electronic Communications" include e-mails, texts, instant messaging, voicemails, and also include communications on or within commercial applications (apps) such as Facebook Messenger, Twitter, Snap Chat, WhatsApp, etc.
- J. Electronic Messaging Account: Any account that creates, sends, receives, or stores electronic communications.

- K. Internet: A world-wide collection of publicly accessible networks linked together for the exchange of information and services.
- L. Intranet: The private network accessible only to City of Long Beach Covered Individuals that enable the exchange of information or enable operations of city services that is generally not available to the public from the Internet.
- M. Technology, Equipment, and Resources : Desktop, laptop, notebook computers and computing systems, networks, software, internal and external e-mail, the Internet and intranet, communications-related tools, and data storage tools and other electronic devices such as tablets, smart phones, cell phones, pagers, fax machines, copiers and voicemail designed for individual use for applications and processes such as word processing, financial analysis, data management, graphic presentations and communications methods, and anything not currently identified but purchased by the City or systems, equipment, or programs used in the course of employment for use in its operations.

III. Scope

This Regulation is applicable to all current employees, contractors, consultants, commissioners (if applicable), third-party employees, interns, and volunteers (hereafter "Covered Individuals") who are provided access to the City's Technology, Equipment, and Resources and who work in departments and offices directly responsible to the City Manager. It is requested that elected and appointed officials and their employees, contractors, consultants, commissioners (if applicable), third-party employees, interns, and volunteers of other independent offices, commissions, boards, and departments who are provided access to the City's Technology, Equipment, and Resources as necessary for business purposes with the City also comply with this policy for administrative uniformity.

IV. Amendment

This Regulation may be amended by the City Manager at any time.

V. Policy

The following conditions of employment/service apply to all Covered Individuals for their use of technology, equipment, and resources:

A. Use of Technology

1. All City provided technology, equipment, and resources, including other application software, are formal communication and analytic tools. They should be used for business-related purposes in a professional and courteous manner. Any use of City computer equipment for personal purposes, including sending and receiving e-

mails and Internet access, shall be limited to brief, infrequent usage dealing with personal matters that can only be addressed during work hours. Such use may be made only during the time that does not interfere with the efficient provision of work, and provided that the use does not directly or indirectly interfere with City computer systems or services, burden the City with additional incremental cost, or violate other existing policies and procedures. Covered Individuals should be aware that the access and use of City provided Technology, Equipment, and Resources is monitored and can be audited to ensure compliance with this and other policies.

2. City e-mail users should use care when sending e-mail messages from City supplied e-mail addresses. Messages should be professional, which includes refraining from the use of profanity, lewd images or comments, harassing comments or other messaging that would not be appropriate for city communication. The text of any e-mail or any other communication should be appropriate to be sent as a signed letter on City letterhead, and in compliance with the City's Style Guide.
3. Hardware or software requested by a user is subject to TIO standards and procedures to ensure that they are installed in appropriate locations, properly authorized and secure.
4. Cloud based e-mail, office productivity software, and other Internet-based applications used by the City may be accessed from any computer, tablet, phone or other device with access to the Internet.
5. Covered Individuals that are provided a City e-mail account are required to manage and maintain their electronic mailboxes pursuant to this Policy. This includes ensuring e-mails are checked on a regular basis and purged in accordance to department records retention polices. Non-Management employees are not permitted to access the City cloud-based software accounts outside of their regular business hours without appropriate authorization from their department head or designee.
6. Any documents created using the City's software and stored on the City's network, including cloud storage, is considered City property and may be subject to California Public Records Act (PRA) and other laws and regulations that apply to public agency information. Typically, transitory information that is of a temporary or brief duration, not meant to be kept for future reference and whose value is comparatively short-lived, including but not limited to, texts, instant messaging, voicemail, or e-mail messages are not the types of required to be maintained by the City or Covered Individual. However, transitory communications may be subject to a Public Records Act request if they involve City Business, and the Covered

Individual elects to retain the communication on their City-owned or privately-owned devices or accounts. If a Covered Individual is unsure whether a particular record is a City record for retention purposes, the Covered Individual should contact the City's Records Coordinator, his or her immediate supervisor, or the City Attorney's office.

7. The City's Electronic Messaging Accounts, such as e-mail, text and instant messaging, shall be used for transmission, not storage. The City provides these accounts to Covered Individuals as a convenient and efficient method of rapidly communicating transitory information in an electronic format. These accounts are specifically intended and designed to be a tool for transmission of information, and not a tool for storage of information. Any e-mail, text or instant message that must be retained should be preserved and transferred to an appropriate storage format. Examples of appropriate storage formats include saving the information in a document management system, printing a hardcopy, or saving the information as a PDF or image file.
8. All Covered Individuals using electronic messaging accounts as a means of communication are individually accountable for determining if the content of the electronic communication, whether sent or received, is subject to their respective department's records retention policies.
9. In accordance with California E-Discovery Law, it is the responsibility of the Covered Individual to cease destruction of any relevant electronic information concerning any reasonably foreseeable litigation action.
10. City departments may have additional technology use requirements that further extend or restrict the terms and conditions of use of Technology, Equipment, and Resources for their respective Covered Individuals.

B. Privacy

1. City Technology, Equipment, and Resources are the sole and exclusive property of the City and may be monitored when the City deems it necessary and are subject to search and the obligation to surrender at any time by the City. Covered Individuals do not have an expectation of privacy in the content of any electronic communication sent or received on a City account of communication utilizing City technology equipment, and resources. All files, including e-mails, texts, instant messages, videos, and electronic communication are property of the City and are subject to review, and audit even if sent as authorized incidental personal use of the

computer. Refer to the City's Policy Regarding Use of Private Electronic Devices to Conduct City Related Business for additional information.

2. All City digital content, including e-mails and videos are be subject to California E-Discovery laws and/or deemed as electronic public records subject to inspection and copying under the California Public Records Act (PRA).
3. Internet access offered on the City Network is intended to be used in the course of employment. Covered Individuals do not have any expectation of privacy regarding websites accessed through the City's computers and network systems. The City may monitor individual Internet access and produce reports documenting Internet use. Public Access to the Internet is governed by Administrative Regulation 8-26.

C. Security and Restrictions

1. The use of City Technology, Equipment, and Resources should conform with relevant TI Department Cyber Security Standards.
2. The use of City Technology, Equipment, and Resources should be authenticated via a UserID and strong password or other alternative authentication methods pursuant to TI Department standards and procedures (refer to Administrative Regulation 8-29 - Network Password Policy for strong password guidelines).
3. Covered Individuals are responsible for the maintenance, security, and use of their personal password as it provides an audit trail for system activity. Covered Individuals should not allow the use of their account by others.
4. When not using the computer, Covered Individuals are to log-off or lock their device.
5. If a Covered Individual's City device is lost or stolen, he/she is required to report it immediately or on the next business day to both their department and the TI Department. A police report may also be required. If a Covered Individual suspects that unauthorized access to a City device has taken place, he/she is required to report the incident to both their department and the TI Department.
6. The following are restricted activities under this policy:
 - a. The City prohibits unauthorized copying, transfer, or reproduction of City-owned software. Loading of privately-owned software, or non-City software, must be approved in

advance by the department head, or designee, and the TI Department.

- b. Covered Individuals shall not send or share data or files that disclose sensitive, personal, confidential or proprietary information without the appropriate authorization from the City Attorney's Office. It is incumbent upon Covered Individuals to treat this information with the utmost respect and to ensure that it is only used for legitimate work purposes and conforms with applicable TI Department standards and procedures.
- c. Covered Individuals shall not attempt to decode system or user passwords; or read, delete, copy or modify data in a system in which they are not an authorized user of; or attempt to gain unauthorized access to any City technology, equipment, and resource.
- d. Covered Individuals shall not share passwords with anyone. Passwords shall not be revealed in electronic communications. All passwords are to be treated as confidential City information.
- e. Covered Individuals shall not use City-provided Technology, Equipment, and Resources to engage in non-City related social activities, individual charity sponsorships, political activities, commercial use for profit, outside employment, or any other activities outside of their job scope.
- f. Covered Individuals shall not use City-provided technology, equipment, and resources , social media, City e-mail, texting, instant messaging or Internet access to create, send, forward, reply to, transmit, store, display, copy, download, read, or print inappropriate material. This includes, but is not limited to, material that is: unlawful or illegal, obscene or pornographic, copyrighted, defamatory, threatening, offensive, or violates the City's discrimination or harassment policies.
- g. Covered Individuals shall use caution when using City-provided technology, equipment, and resources , or City provided Internet access to log on to personal e-mail accounts due to the potential of exposing the City's information systems and network to viruses, "worms" or other unauthorized programs.
- h. Covered Individuals shall not download or install audio, video, or data files on City equipment for personal use, including but not limited to, photos, music and movies.

- i. Non-management City employees who have access to the e-mail system (including texts or any other type of instant messaging) from any personal device, City-issued device, and/or e-mail account while off-duty shall not perform any work or take action unless action on the e-mail unless it is an operational necessity and additional work hours have been approved by the employee's supervisor in advance or the employee is on call or standby. The employee's supervisor and the Department of Human Resources must review and approve requests for non-management personnel to utilize and/or synchronize City e-mail on personal, personally-owned devices according to the Employee-Owned Mobile Device/City E-mail Synchronization Policy. Approval will only be granted in writing on a limited basis and only when absolutely necessary.
- j. Covered Individuals shall not place confidential or restricted City data or files on any removable media/storage devices, including flash drives or thumb drives, and other non-City cloud-based storage sites unless authorization has been received by his/her Department head or designee. If a removable device is used, the device must be encrypted as well as password protected. If the removable media/storage device is lost or stolen, the loss should be reported immediately to his/her Department head or designee and the TI Department.
- k. Covered Individuals shall not place information that is protected by State and/or Federal law (i.e., social security numbers, health or medical information) on a removable media/storage device.
- l. Covered Individuals are encouraged to store files on the City network or other City authorized storage system and avoid solely storing files on local devices such as the local C drive on desktops and laptops, unless appropriate authorization has been received by his/her department head or designee. This will ensure the information is included in the regular backup and still available in the event of a system failure.

VI. Violations

Covered Individuals who violate this policy may have their computer and technology system usage and access, and related privileges, revoked or suspended, and may be subject to disciplinary action, up to and including termination. Violations of local, state, and federal laws carry additional penalties.

VII. Termination of Employment or Contract

- A. When a Covered Individual is terminated or released from employment or their contract, the department is responsible to notify the **TI** Department and that user's City Log-In account will be disabled following the last day of the pay period in which the employment ended or contract ended, or earlier if requested by the department or City management. The department is also responsible to notify owners of systems that are not integrated into the City's centralized authentication system in order for account access to be terminated for those systems.
- B. When a Covered Individual is terminated or released from employment or their contract, upon notification from the department pursuant to the **TI** Department's standards and procedures, that Covered Individual's access to accounts will be revoked as soon as possible. Departments are required to notify the **TI** Department if a user's account should be archived due to pending or potential future investigations. See section IX below.
 - a. The Department may request access to and/or retain a copy of the former Covered Individual 's data files (local and network files) and e-mails after the Covered Individual is no longer employed by the City. This request should be submitted pursuant to the **TI** Department's standards and procedures prior to a user's end date or at the time of notification of termination/release.

VIII. E-Mail Retention

- A. The City will retain e-mails of former Covered Individuals for 30 days.
- B. Any former Covered Individual involved in active or potential litigation with the City shall have his/her e-mails preserved until the litigation is resolved.
- C. e-mails that document substantive City Business need to be retained according to the retention period associated with the function of the e-mail documents, pursuant to the department's records retention policy and preserved and transferred to an appropriate storage format
- D. A department is responsible for notifying the **TI** Department if a former Covered Individual 's e-mail account should be retained longer than 30 days. Pursuant to the Policy Regarding Use of Private Electronic Devices to Conduct City Related Business, some e-mail accounts should be retained for a period of one year. This includes but is not limited to Elected Officials, executive management, department heads, and bureau managers.

IX. Policy Acknowledgement

- A. All Covered Individuals shall acknowledge receipt of this policy by signing a Condition of Employment/Service Acknowledgement form indicating they have received, read, understand, and will abide by its provisions. If a Covered Individual declines to sign, a witness shall make a notation that the individual has received the information.
- B. The original form shall be placed in the personnel file and a copy shall be given to the Covered Individual, or attached to a contractor's service agreement.

X. Roles and Responsibilities

- A. Newly Covered Individuals shall be given this document during the orientation process.
- B. Each department head shall be responsible for enforcing compliance with this policy by Covered Individuals.
- C. Covered Individuals are responsible for complying with this policy. Managers and supervisors are responsible for enforcing this policy. The TI Department is responsible for assisting and administering this policy.
- D. Covered Individuals who violate this policy may be subject to disciplinary action up to and including termination.
- E. If a City contractor or third-party user knowingly or negligently commits or permits a material violation of this policy, the City may terminate the contract in accordance with its terms and/or terminate the contractor's or third-party user's access to City information processing facilities, information systems, and information, in addition to any legal or remedies.

XI. Effective Date

This Regulation shall take effect immediately.

XII. References

- Administrative Regulation 8-29 - Network Password Policy
- California Electronic Discovery Act
- California Electronic Communication Privacy Act
- California Public Records Act
- Freedom of Information Act
- Policy Regarding Use of Private Electronic Devices to Conduct City Related Business
- TI Department - Employee-Owned Mobile Device City Synchronization Policy

- and Employee Acknowledgement and Release of Liability form
- Social Media Policy
 - Style Guide

XIII. Appendices

- City Technology, Equipment, and Resources Policy Conditions of Employment/ Service Acknowledgement Form.

APPROVED:



CITY MANAGER

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DATE

City of Long Beach Department of Human Resources

City Technology, Equipment, and Resources Policy Statement and Conditions of Employment/Service Acknowledgement Form (Personnel Policy AR 8-30)

The City of Long Beach supplies Technology, Equipment and Resources to employees and independent contractors to enhance the productivity, efficiency and effectiveness of City operations. It is a condition of employment/service that all current employees and independent contractors (hereafter "Covered Individuals") who have access to the City's Technology, Equipment and Resources comply with the following Conditions of Employment/Service:

USE OF TECHNOLOGY

1. All City-provided technology, equipment, and resources, including other application software, are formal communication and analytic tools. They should be used for business-related purposes in a professional and courteous manner. Any use of City computer equipment for personal purposes, including sending and receiving e-mails and Internet access, shall be limited to brief, infrequent usage dealing with personal matters that can only be addressed during work hours. Such use may be made only during the time that does not interfere with the efficient provision of work, and provided that the use does not directly or indirectly interfere with City computer systems or services, burden the City with additional incremental cost, or violate other existing policies and procedures. Covered Individuals should be aware that the access and use of City provided Technology, Equipment, and Resources is monitored and can be audited to ensure compliance with this and other policies.
2. City e-mail users should use care when sending e-mail messages from City supplied e-mail addresses. Messages should be professional, which includes refraining from the use of profanity, lewd images or comments, harassing comments or other messaging that would not be appropriate for city communication. The text of any e-mail or any other communication should be appropriate to be sent as a signed letter on City letterhead, and in compliance with the City's Style Guide.
3. Hardware or software requested by a user is subject to TI Department standards and procedures to ensure that they are installed in appropriate locations, properly authorized and secure.
4. Cloud based e-mail, office productivity software, and other Internet-based applications used by the City may be accessed from any computer, tablet, phone or other device with access to the Internet.
5. Covered Individuals that are provided a City e-mail account are required to manage and maintain their electronic mailboxes pursuant to this Policy. This includes ensuring e-mails are checked on a regular basis and purged in accordance to department records retention policies. Non-management employees are not permitted to access the City cloud-based software accounts outside of their regular business hours without appropriate authorization from their department head or designee.
6. Any documents created using the City's software and stored on the City's network, including cloud storage, is considered City property and may be subject to California Public Records Act (PRA) and other laws and regulations that apply to public agency information. Typically, transitory information that is of a temporary or brief duration, not meant to be kept for future reference and whose value is comparatively short-lived, including, but not limited to, texts, instant messaging, voicemail, or e-mail messages are not the types of required to be maintained by the City or Covered Individual. However, transitory communications may be subject to a Public Records Act request if they involve City Business, and the Covered Individual elects to retain the communication on their City-owned or privately-owned devices or accounts. If a Covered Individual is unsure whether a particular record is a City record for retention purposes, the Covered

Individual should contact the City's Records Coordinator, his or her immediate supervisor, or the City Attorney's office.

7. The City's Electronic Messaging Accounts, such as e-mail, text and instant messaging, shall be used for transmission, not storage. The City provides these accounts to Covered Individuals as a convenient and efficient method of rapidly communicating transitory information in an electronic format. These accounts are specifically intended and designed to be a tool for transmission of information, and not a tool for storage of information. Any e-mail, text or instant message that must be retained should be preserved and transferred to an appropriate storage format. Examples of appropriate storage formats include saving the information in a document management system, printing a hardcopy, or saving the information as a PDF or image file.
8. All Covered Individuals using electronic messaging accounts as a means of communication are individually accountable for determining if the content of the electronic communication, whether sent or received, is subject to their respective department's records retention policies.
9. In accordance with California E-Discovery Law, it is the responsibility of the Covered Individual to cease destruction of any relevant electronic information concerning any reasonably foreseeable litigation action.
10. City departments may have additional technology use requirements that further extend or restrict the terms and conditions of use of Technology, Equipment, and Resources for their respective Covered Individuals.

PRIVACY

1. City Technology, Equipment, and Resources are the sole and exclusive property of the City and may be monitored when the City deems it necessary and are subject to search and the obligation to surrender at any time by the City. Covered Individuals do not have an expectation of privacy in the content of any electronic communication sent or received on a City account of communication utilizing City technology, equipment, and resources. All files, including e-mails, texts, instant messages, videos, and electronic communication are property of the City and are subject to review, and audit, even if sent as authorized incidental personal use of the computer. Refer to the City's Policy Regarding Use of Private Electronic Devices to Conduct City-Related Business for additional information.
2. All City digital content, including e-mails and videos are be subject to California E-Discovery laws and/or deemed as electronic public records subject to inspection and copying under the California Public Records Act (PRA).
3. Internet access offered on the City Network is intended to be used in the course of employment. Covered Individuals do not have any expectation of privacy regarding websites accessed through the City's computers and network systems. The City may monitor individual Internet access and produce reports documenting Internet use. Public access to the Internet is governed by Administrative Regulation 8-26.

SECURITY AND RESTRICTIONS

1. The use of City Technology, Equipment, and Resources should conform with relevant TI Department Cyber Security Standards.
2. The use of City Technology, Equipment, and Resources should be authenticated via a UserID and strong password or other alternative authentication methods pursuant to TI Department standards and procedures (refer to Administrative Regulation 8-29 - Network Password Policy for strong password guidelines).

3. Covered Individuals are responsible for the maintenance, security, and use of their personal password as it provides an audit trail for system activity. Covered Individuals should not allow the use of their account by others.
4. When not using the computer, Covered Individuals are to log-off or lock their device.
5. If a Covered Individual's City device is lost or stolen, he/she is required to report it immediately or on the next business day to both their department and the TI Department. A police report may also be required. If a Covered Individual suspects that unauthorized access to a City device has taken place, he/she is required to report the incident to both their department and the TI Department.
6. The following are restricted activities under this policy:
 - A. The City prohibits unauthorized copying, transfer, or reproduction of City owned software. Loading of privately-owned software, or non-City software, must be approved in advance by the department head or designee, and the TI Department.
 - B. Covered Individuals shall not send or share data or files that disclose sensitive, personal, confidential or proprietary information without the appropriate authorization from the City Attorney's Office. It is incumbent upon Covered Individuals to treat this information with the utmost respect and to ensure that it is only used for legitimate work purposes and conforms with applicable TI Department standards and procedures.
 - C. Covered Individuals shall not attempt to decode system or user passwords; or read, delete, copy or modify data in a system in which they are not an authorized user of; or attempt to gain unauthorized access to any City technology, equipment, and resource.
 - D. Covered Individuals shall not share passwords with anyone. Passwords shall not be revealed in electronic communications. All passwords are to be treated as confidential City information.
 - E. Covered Individuals shall not use City-provided Technology, Equipment, and Resources to engage in non-City related social activities, individual charity sponsorships, political activities, commercial use for profit, outside employment, or any other activities outside of their job scope.
 - F. Covered Individuals shall not use City-provided technology, equipment, and resources, social media, City e-mail, texting, instant messaging or Internet access to create, send, forward, reply to, transmit, store, display, copy, download, read, or print inappropriate material. This includes, but is not limited to, material that is: unlawful or illegal, obscene or pornographic, copyrighted, defamatory, threatening, offensive, or violates the City's discrimination or harassment policies.
 - G. Covered Individuals shall use caution when using City-provided technology, equipment, and resources, or City provided Internet access to log on to personal e-mail accounts due to the potential of exposing the City's information systems and network to viruses, "worms" or other unauthorized programs.
 - H. Covered Individuals shall not download or install audio, video, or data files on City equipment for personal use, including but not limited to, photos, music and movies.
 - I. Non-management City employees who have access to the e-mail system (including texts or any other type of instant messaging) from any personal device, City-issued device, and/or e-mail account while off-duty shall not perform any work or take action unless action on the e-mail unless it is an operational necessity and additional work hours have been approved by the employee's supervisor in advance or the employee is on call or standby. The employee's supervisor and the Department of Human Resources must review and approve requests for non-management personnel to utilize and/or synchronize City e-mail on personal, personally-

owned devices according to the Employee-Owned Mobile Device City E-mail Synchronization Policy. Approval will only be granted in writing on a limited basis and only when absolutely necessary.

- J. Covered Individuals shall not place confidential or restricted City data or files on any removable media/storage devices, including flash drives or thumb drives, and other non-City cloud-based storage sites unless authorization has been received by his/her Department head or designee. If a removable device is used, the device must be encrypted as well as password protected. If the removable media/storage device is lost or stolen, the loss should be reported immediately to his/her department head, or designee, and the TI Department.
- K. Covered Individuals shall not place information that is protected by State and/or Federal law (i.e. social security numbers, health or medical information, etc.) on a removable media/storage device.
- L. Covered Individuals are encouraged to store files on the City network or other City authorized storage system and avoid solely storing files on local devices such as the local C drive on desktops and laptops, unless appropriate authorization has been received by his/her department head or designee. This will ensure the information is included in the regular backup and still available in the event of a system failure.

**Administrative Regulation 8-30
Conditions of Employment and Service**

ACKNOWLEDGEMENT FORM

My signature on this document acknowledges that I have received, read, and understand AR 8-30 regarding City Technology, Equipment and Resources, and I will abide by the policy as a condition of employment / service.

I understand that the City has an interest in establishing policies and procedures with regard to City technology and resources and any attempt to violate this policy may result in having my access to City technology and related privileges revoked or suspended.

I also understand that any attempt to violate this policy may be subject to disciplinary action, up to and including termination. Violations of local, state, and federal laws carry additional penalties.

Employee Name (printed)

Signature

Date

Original: Personnel File or Contract or 's Service Agreement
Copy: Covered Individual

Effective Date: TBD



Administrative Regulations

Number AR8-36
Issue 1

Subject: Use of Electronic Devices and Electronic Communications to Conduct City Related Business

This Regulation consists of the attached "Policy Regarding Use of Electronic Devices and Electronic Communications to Conduct City Related Business" as prepared by the City Attorney.

APPROVED:

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CITY MANAGER

9/16/19
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ATTACHMENT

POLICY REGARDING USE OF ELECTRONIC DEVICES AND ELECTRONIC COMMUNICATIONS TO CONDUCT CITY RELATED BUSINESS

Background and Purpose

The City hereby adopts the following policy regarding the conduct of business via electronic communications sent or received by all cutTent employees of any Department or office directly responsible to the City Manager. In the interest of uniformity and completeness, and to adhere to State law, it is requested that elective offices and other independent offices, commissions, boards and departments also comply with this policy.

Specifically, this policy is adopted in light of the California Supreme Court case of City of San Jose v. Superior Cowt (2 Cal. 5th 208 (2017)), which held that a city employee's communications related to the conduct of public business do not cease to be public records under the California Public Records Act, simply because they were sent or received using a personal account or personal device.

Existing and emerging electronic communications technologies have become an integral part of the ability of City officials and employees to efficiently and effectively conduct City business. Such technology has the potential to enhance communications with the public and provide a higher level of service to the Long Beach community. However, with such technology in the work environment, the City must ensure it continues to meet its legal obligations with respect to transparency in the conduct of the people's business, including in the area of public records disclosure and retention requirements. To that end, the following protocol will be followed.

Definitions

For purposes of this policy, the following definitions apply:

"City" means the City of Long Beach, and includes all of the City's Departments, Offices, Boards and Commissions.

"City Official" means an elected or appointed official, any employee of the City, or any appointed board or commission member of the City.

"City Business" means information relating to the conduct of the public's business or communications concerning matters within the subject matter of the City's jurisdiction. Resolution of the question of what information or communication constitutes "city business" will involve an examination of several factors, including: (a) the content itself; (b) the context in, or purpose for which the communication was written; (c) the audience to whom it was directed; (d) the purpose of the communication; and (e) whether a writing was prepared by a City official acting or purporting to act within the scope of his or her City employment.

"Electronic communication" includes any and all electronic transmission or any record thereby created, regardless of the manner in which the record has been stored. "Electronic communications" include e-mails, texts, voicemails, and also include communications on or within commercial applications (apps) such as Facebook Messenger, Twitter, Snap Chat, WhatsApp, etc.

"Electronic messaging account" means any account that creates, sends, receives or stores electronic communications.

"City Records Coordinator" means that person or persons assigned by the City Manager with the responsibility to coordinate the process of gathering records and responding to Public Records Act requests made to the City or its officials.

Policy/Protocols

1. City officials and many City employees may typically be assigned a City electronic messaging account, such as an email account.
2. To the extent feasible, City issued accounts shall be used to conduct City business. At the option of a City official or employee, limited use of a private device for public business is permissible, but not encouraged. Regardless of whether the device is public or private, electronic communications regarding City business that are created, sent, received or stored on an electronic messaging account, may be subject to the Public Records Act.
3. To the extent a City official or employee has in the past used private, non-City electronic messaging accounts or devices for the purpose of conducting City business, they will be asked to locate any such electronic communications on those non-City accounts or devices and provide the communications to the City's Records Coordinator in the event a Public Records Act request is made seeking the City business related communication(s).
4. If a City official or employee receives an electronic message regarding City business on his/her personal electronic messaging account or device, or circumstances require such person to conduct City business on a personal account or device, the City official or employee should either: (a) copy ("cc") any communication from the City official's personal electronic messaging account or device to his/her City electronic messaging account; or (b) forward the electronic communication to his/her City account as soon as feasible after the original creation or transmission of the electronic communication.
5. City officials and employees shall endeavor to ask persons who have sent electronic communications regarding City business to a personal account or device to instead utilize the City official's or employee's City electronic messaging account, and likewise shall endeavor to ask a person sending an electronic communication regarding non-City business to use the City official's or employee's personal or non-City electronic messaging account.
6. City officials and employees do not have an expectation of privacy in the content of any electronic communication sent or received on a City account or communication utilizing City servers. If a City official and employee has a City provided electronic device, including a personally owned device for which the City pays a stipend or otherwise provides reimbursement the City official or employee, the City official or employee will be requested to provide communications regarding City business from that personally owned device or account if the City receives a Public Records Act request for the communication(s). Although City officials and employees do have an expectation of privacy regarding non-City related communications and material (i.e.,

personal communication, personal photos, private information) that are maintained on their personal devices/accounts, or those devices for which the City pays a stipend or otherwise provides reimbursement, City officials and employees understand that electronic communications regarding City business that are created, sent, received or stored on an electronic messaging account, may be subject to the Public Records Act, even if created, sent, received, or stored on a personal account or personal device.

7. In the event a Public Records Act request is received by the City's Records Coordinator that seeks electronic communications, the request _will be provided to the applicable City officials or employees (s) whose electronic communications are sought and the involved person will be provided with an estimate of the time within which the Records Coordinator intends to provide any responsive electronic communications to the requesting party.
8. It shall be the duty of each City official or employee receiving a request for records from the Records Coordinator that seeks electronic communications to conduct a search of his/her City owned account or device and personal electronic messaging accounts and devices for responsive electronic communications involving City business. The involved person shall then promptly transmit any responsive electronic communications to the City's Records Coordinator or department designee in sufficient time to enable the City to adequately review and provide any disclosable electronic communications to the requesting party.
9. In the event a City official or employee does not possess, or cannot with reasonable diligence recover responsive electronic communications from the City official's private electronic messaging account or device, each City official or employee shall so notify the Records Coordinator or the Coordinator's department designee via email or other written communication.
10. It shall be the responsibility of the Records Coordinator, in consultation with the City Attorney, to determine whether a particular electronic communication, or any portion of that electronic communication, is exempt from disclosure. To that end, the responding City official_or employee shall provide the Records Coordinator with all responsive electronic communications, and, if in doubt, shall err on the side of caution and should "over produce." If an electronic communication involved both public business and a personal communication, the responding City official or employee may redact the personal communication portion of the electronic communication prior to transmitting the electronic communication to the Records Coordinator. The responding City official_or employee shall provide facts sufficient to show that the information is "personal business" and not "public business". In the event a question arises as to whether or not a particular communication, or any portion of it, is a public record or purely a personal communication, the City official_or employee should consult with the Records Coordinator or the City Attorney, as necessary. In the event a City official or employee redacts part of a communication before transmitting it to the Records Coordinator because it is in the nature of a personal communication, rather than a City business communication, the City official or employee should retain a copy of the communication in an un-redacted form in the event of a court order or litigation regarding the matter.

11. City officials or employee understand that electronic communications regarding City business may be subject to the City's official records retention policies, even if those electronic communications are or were created, sent, received or stored on a personal electronic messaging account or device. In some circumstances, it is a crime in the State of California to willfully destroy, alter or falsify a public record that is required to be kept by the City for official City business purposes. As such, unless the City official or employee has cc'd/transmitted electronic communications involving City business in accordance with paragraph 5, above, that City official or employee must retain all electronic communications regarding City business, in accordance with the City's adopted records retention policies, regardless of whether such electronic communication is originally sent or received on a personal electronic messaging account or device.
12. Not all documents or other types of communications are public records that are required to be retained by the City for records retention purposes. Typically, a public record that is required to be kept will be a document or communication which constitutes an objective lasting indication of a writing, event, or other information that is in the custody of the City official or employee and should be kept/retained because the law requires it to be kept (e.g., final copies of ordinances or resolutions in the custody of the City Clerk); or because it is necessary to the discharge of the City official's or employee's duties and was made or retained for the purpose of preserving its informational content for future reference (e.g., final executed copies of contracts, leases, permits, insurance policies); or final original copies of documents that are described or set forth in the record retention schedule of the City official's or employee's department (e.g., personnel files maintained in either the Human Resources Department or within the City official's or employee's own department).
13. Typically, transitory information that is of a temporary or brief duration, not meant to be kept for future reference and whose value is comparatively short-lived, including, but not limited to, texts, instant messaging, voice mail, or email messages are not the types of documents required to be retained by the City, City official or employee. However, transitory communications may be subject to a Public Records Act request if they involve City business, and the City official or employee elects to retain the communication on their City owned or privately-owned devices or accounts. If a City official or employee is unsure whether a particular record is a City record for retention purposes, he or she should contact the City's Records Coordinator, his or her immediate supervisor, or the City Attorney's office.
14. City practice is to retain electronic messages maintained on City email accounts for a period of thirty (30) days after an employee separates from City Service. For elected officials, Executive Management, Department Heads, and Bureau Managers electronic messages will be maintained for a one (1) year period following separation unless unusual circumstances dictate a longer period. As a reminder, and in accordance with existing City policies, the City email system is to be used as a convenient and efficient method of communicating transitory information in electronic format and not for the storage of City records that are required to be kept in accordance with the City's records retention policies, the Municipal Code or State law. Documents that are meant to be maintained as City records should be transferred from City email or personal accounts or devices to the appropriate Department or City electronic or "hard copy" record

keeping system, as appropriate. Electronic messages that may be involved in litigation should be maintained beyond the thirty (30) day period after an employee separates from City service.

15. Failure of a City official or employee to abide by this policy, may result in one or more of the following:

- Disciplinary action, up to and including termination (for employees);
- Removal from office (for commissioners or board members);
- Censure (for commissioners, board members or elected officials);
- Revocation of electronic device privileges (including revocation of the device, stipend or reimbursement);
- Judicial enforcement by the party making the Public Records Act Request.

16. This policy does not waive any exemption from disclosure that may apply under the California Public Records Act.

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Administrative Regulations

Number AR23-1
Issue 4

Subject: Request for Direct Payment.

I. PURPOSE:

The purpose of this regulation is to define and establish procedures for the processing of Direct Payments. The use of the Direct Payment process is not intended to circumvent the regulations of the City Charter or the authority of the Purchasing Agent for the regular purchase of materials, supplies, equipment and services.

II. SCOPE:

This regulation is applicable to all City departments and offices responsible directly to the City Manager. It is also requested that elective offices and other independent offices and departments comply with these procedures in the interest of administrative uniformity.

III. POLICY:

A. The Direct Payment process may be used for the following types of transactions:

- (1) Payment of damage claims, judgments, court costs, etc.
- (2) Purchase of real estate and easements authorized by contract.
- (3) Expense reimbursements for travel, meals, lodging, parking, automobile allowance; and other expenses incurred by an employee in the performance of his duties as authorized by Administrative Regulation 4-1.
- (4) Purchase of bonds, securities, cashier's checks and payment of brokerage and agency fees associated there- with. Repayment of tax anticipation loans and interest.
- (5) Payment of refunds.
- (6) Insurance premiums authorized by contract.
- (7) City's share of principal and interest costs on 1911 Street Improvement Act Bonds to bond holders
- (8) Jury Mileage fees deposited in the City Treasury.
- (9) Postage.
- (10) Replacement of counterfeit and stolen moneys.
- (11) Training, education, and registration fee where the expense is incurred in the name of a City employee.
- (12) Grant advances and cost reimbursement payments to subgrantees under contract with the City performing or providing functions specified in the applicable federal, state, county or other grant received by the City.
- (13) Payment for professional, artistic services and entertainers' fees as stated in Recreation Department Service Agreements and authorized by the Recreation Commission.
- (14) Imprest cash fund reimbursement in accordance with Administrative Regulation 23-4.
- (15) Change funds in accordance with Administrative Regulation 20-1.

B. The Request for Direct Payment will be prepared by the department requesting funds in accordance with procedures outlined in the Financial Management System-Accounting Manual.

C. All Direct Payments in conformance with Section 1.16 of the Personnel Ordinance requested by Councilmembers for their office shall be signed by the Councilmember. No further authorization is required.

D. Payments for professional services, community services, etc., shall also comply with Administrative Regulation 8-4, Selecting Professional Consultants.

E. The Direct Payment process may be used for payments for books, subscriptions, memberships, incidental advertising; and other transactions not requiring competitive bidding only when authorized by the Purchasing Agent or his designated deputy.

Administrative Regulations

Number AR23-2
Issue 3

Subject: Receiving Reports and Inspection of Deliveries.

I. PURPOSE

The purpose of this regulation is to establish standard procedures for departmental certification of supplies, materials, property or services that have been delivered or rendered. Evidence of delivery and inspection is required before a demand or claim can be approved for payment. This regulation sets forth procedures and responsibility of certification relating to the following forms:

- A. Signature Card for Receipt of Supplies, Materials, Property or Services.
- B. Certification Stamp (rubber stamp).
- C. Receiving Ticket.
- D. Return Material Order.

II. SCOPE

This regulation is applicable to all City departments and offices responsible directly to the City Manager. It is also requested that elective offices and other independent offices and departments of the City comply with these procedures in the interest of administrative uniformity.

III. POLICY

A. Departmental Assignment of Responsibility for Inspection and Reporting

- (1) Each department head is responsible for establishing adequate inspection procedures within the department in accordance with this administrative regulation. Department heads may designate a responsible employee(s) in their department (maximum of two employees per program) who will be authorized to certify for the receipt of supplies, materials, property or services.
- (2) Delivery reports showing actual date of receipt and acceptance signed by such designated employee(s) will be accepted as evidence of department approval of the claim by the Accounts Payable Section and by the City Auditor only if the name and signature of authorized employee(s) are on file in their respective offices. Signature card forms requiring approval by the department head may be obtained from the Accounts Payable Section of the Financial Management Department.
- (3) Any changes in employees authorized to sign and certify for the receipt of materials and services must be reported immediately to the Accounts Payable Section of the Financial Management Department and City Auditor by filing a new signature card.

B. Inspection Procedure

- (1) Supplies, materials, properties or services delivered or furnished to any department must be inspected by employee(s) designated by the department head to determine that the quantity and quality are in accordance with the original specifications.
- (2) Inspection of supplies, materials, properties or services ordered should be made at the time of delivery and in every instance before final acceptance of the order. Any items received are subject to return to the vendor and no payment will be processed until compliance to all terms of the original order have been satisfied except as outlined in Paragraphs C and D of this Section.

(3) An accurate physical inspection and count must be made of items before final acceptance. Before certification of goods or services is accomplished, any deviation, irregularities or departure from the agreed performance standard or specification must be reported to the Purchasing Agent on a Purchase Order Change Notice.

C. Partial Deliveries

(1) Partial delivery of an order is to be indicated on the receiving report as set forth in paragraph n
(2) The department must determine from the vendor when the balance of the order will be delivered and the Purchasing Agent must be advised when a delivery of the balance of the order will be longer than 60 days.

(3) The department must send the delivery certification of the partial shipment to the Accounts Payable Section of the Financial Management Department.

D. Acceptance of Substitutes

If a department wishes to accept delivery of a substitute item or quantity not fully in accord with terms of the original order, all the facts concerning the proposed acceptance of the latter type of delivery must be reported to the Purchasing Agent on a Purchase Order Change notice. The Purchasing Agent will determine the necessary adjustment to the original purchase order so that the vendor's invoice and receiving ticket will agree with the revised purchase order.

If there is a material variation, it may be necessary to obtain Council approval for an amendment to the agreement.

IV. PROCEDURES

A. Use of Certification Stamp

If the vendor provides the department with a delivery ticket or invoice containing complete information on the items delivered, a certification stamp may be affixed to the document supplied by the vendor. When the certification has been signed by the department head or an authorized employee, this document is to be forwarded immediately to the Accounts Payable Section of Financial Management Department. The date to be shown on the certification stamp is the actual date of delivery. If the acceptance date is different from the delivery date, the acceptance date should be indicated. The certification stamp shall be as illustrated below:

DELIVERY CERTIFICATION
Material or Services as listed
Received and Accepted
(Department Name)

Date:
P.O. Number

Signature
Org/Object Code

B. Use of Receiving Ticket Form

When a vendor's delivery ticket or invoice is not supplied, is illegible, or cannot be readily interpreted, the delivery should be reported by completing a Receiving Ticket. This form may also be used for repetitive rental payments and can be obtained from Central Stores. You may also use the Purchase Order copy for receiving.

In filling out a Receiving Ticket, use indelible pencil, ballpoint pen, or typewriter and complete all sections as set forth on the form. The date to be shown on the form is the actual date of delivery. If the acceptance date is different from the delivery date, the acceptance date should be indicated.

The original white copy must be sent immediately to the Accounts Payable Section of Financial Management Department. The blue and pink copies are to be retained for departmental files.

C. Use of Request for Direct Payment

When a payment is to be processed by use of a Request for Direct Payment, the procedures as set forth in Administrative Regulation 23-1, Request for Direct Payment apply.

D. Inspection and return of Deliveries

Immediately upon determining that an item or service must be returned or rejected, the Purchasing Agent must be notified by telephone of the decision. In addition, a completed Return Material Order, must be transmitted to the Accounts Payable Section of Financial Management, and to the Purchasing Division within 24 hours. The information submitted on the Return Material Order must include the date, reason for return' and whether the City is to receive credit for materials.

E. Financial Management Procedures

The Financial Management Department may periodically issue specific procedures to provide for the systematic processing of payment documents and to simplify the overall payment process. The Accounts Payable Section is to advise Purchasing when payment is not made within the prescribed invoice terms of the vendor.

Administrative Regulations

Number AR23-3
Issue 7

Subject: Procedures for Porcessing Purchases of \$20,000

I. PURPOSE

The purpose of this regulation is to establish uniform policies and procedures for all City purchases, as provided for in Section 2.84.010 of the Municipal Code and Article XVIII of the City Charter. Purchases in excess of \$50, 000 must be approved by the City Council. Municipal Code Section 2.84.010 allows the Purchasing Agent to bind the City for payment of services, supplies, materials, equipment, labor or other valuable consideration for amounts of \$50.000 or less.

II. SCOPE

This regulation is applicable to all City departments and offices responsible directly to the City Manager. It is also requested that elective offices and other independent offices and departments of the City comply with these procedures in the interest of administrative uniformity.

III. POLICY

Only the City Council can bind the City to a contract in excess of \$50,000. The City Manager, or another officer duly authorized by the City Manager, has the authority to bind the City to a contract in excess of \$50,000, after the City Council has approved the contract.

Only the Purchasing Agent, with the written approval of the Director of General Services, is authorized to bind the City without a contract in writing, and without advertising for bids for the payment of services, supplies, materials, equipment, labor or other valuable consideration furnished to the City in an amount not to exceed \$50,000.

Section 1800 of the Charter extends the right to bind the City without a written contract, for purchases not exceeding \$50,000 to the Board of Harbor Commissioners and the Board of Water Commissioners. Purchases of every type, whether for services, supplies or equipment, must conform to these procedures and be authorized in advance by the applicable individual, as stated above, in writing on a purchase document (Contract or Purchase Order). There are only two exceptions to this requirement:

1. Certain very limited purchases may be made by the Direct Payment procedure as specifically listed in Administrative Regulation 23-1;
2. Purchases under \$1,000 obtained using Imprest Cash Funds in accordance with Administrative Regulation 23-4.

IV. PROCEDURES:

A. Combined Purchases:

It is the responsibility of the Purchasing Agent to combine purchases whenever practical, and when the total purchase price exceeds \$50,000, secure procurement through the formal contract process.

B. Formal Contracts for Purchases Exceeding \$50,000

The requesting department shall request that the Purchasing Agent prepare a Formal Bid, which must be approved by the City Council before it is sent to potential bidders. The Purchasing Agent will make an affirmative effort to include local, minority and women owned businesses on the bidder's list, whenever possible, and will place the notice for bid in at least one daily newspaper of general circulation in the City.

The contract shall be awarded to the lowest responsible bidder whose bid is in regular form, and whose bid contains all of the requirements specified in the Formal Bid Document. Increases to contracts will be limited to 10% of the original contract award, as allowed in the standard contract language, unless a greater percentage increase is specified in the "Special Conditions" section of the bid, and approved by the City Council. All increases must also be approved by the City Manager or designee.

C. Informal Bids

(1) Purchases Greater than \$20,000 but not Exceeding \$50,000

The Purchasing Agent shall solicit written requests for quotation from a minimum of three vendors for all purchases greater than \$20,000, but not exceeding \$50,000. Records of those written bids shall be retained with the Purchase Requisition.

In the event that less than three vendors exist which supply similar materials, equipment, supplies and services, all known vendors will be requested to submit quotations. All purchase agreements greater than \$20,000 but not exceeding \$50,000, with the exception of personal services agreements (see subsection (5) below), must be accompanied by a written and signed bid quotation.

Increases to Purchase Orders with original amounts greater than \$20,000, but not exceeding \$50,000, will be allowed for up to 10% of the original amount of the Purchase Order, if approved by the City Manager or designee, providing the increase does not result in expenditures in excess of \$50,000.

(2) Purchases Greater than \$5,000 but not Exceeding \$20,000

As a minimum requirement, the Purchasing Agent shall solicit and document oral bids by telephone from a minimum of three vendors for all purchases greater than \$5,000 but not exceeding \$20,000. Records of those oral bids shall be retained with the Purchase Requisition.

In the event that less than three vendors exist which supply similar materials, equipment, supplies and services, bids are to be solicited from all known vendors. Increases to Purchase Orders with original amounts greater than \$5,000 but not exceeding \$20,000 will be allowed for up to 10% of the original amount of the Purchase Order, if approved by the City Manager or designee.

(3) Purchases Greater than \$1,000 but not Exceeding \$5,000 For purchases greater than \$1,000 but not exceeding \$5,000, the Purchasing Agent has the authority to place an order without obtaining competitive bids. It is expected that the individual departments will select a specific vendor and that vendor will be specified on the Purchase Requisition. If a City-wide contract exists for a commodity, then the department must use the contract vendor. Increases to Purchase Orders with original amounts greater than \$1,000 but not exceeding \$5,000 will be allowed up to \$5,000, if approved by the City Manager or designee.

(4) Purchases not Exceeding \$1,000

Whenever practical, purchases not exceeding \$1,000 are to be procured by departments through Imprest Cash Funds as detailed in Administrative Regulation 23-4.

(5) Consulting and Personal Services

Agreements for consulting and personal services are to be submitted in accordance with Administrative Regulation 8-4.

D. Sole Source Selections

When a planned purchase is expected to exceed \$5,000 and the requesting department determines that there is only one source for the equipment, materials or supplies sought, a sole source memorandum, which includes background and justification, must be prepared. For purchases between \$5,000 and \$50,000, the memo is submitted to the Purchasing Agent for approval.

For purchases in excess of \$50,000, the memo must be submitted to the City Manager for approval, and then sent to the Purchasing Agent. The Purchasing Agent will request the City Attorney to prepare the required Resolution for a sole source purchase. In this instance, the justification memo to the City Manager must include the following:

- (1) Identification of the sources with information on the type of services sought.
- (2) Number of those sources contacted.
- (3) Identification of the unique feature or emergency or reason it is impossible to advertise for bids.
- (4) Name of City employee who can testify regarding all of the above.

This memo will be forwarded to the City Attorney along with the request for a sole source Resolution.

E. Exceptions To Policy

When a planned purchase is expected to exceed \$5,000 and the purchase does not fit the criteria for a sole source purchase (as described in Section D), yet the requesting department believes that the competitive process is not warranted, then approval must be obtained. A policy exception memorandum, which includes background and justification, must be approved by the City Manager, or designee.

Once approved, this memo must be forwarded to the Purchasing Agent. For purchases in excess of \$50,000, the Purchasing Agent will request the City Attorney to prepare the required Resolution for the purchase. In this instance, the justification memo to the City Manager must include the following:

- (1) Identification of the sources with information on the type of services sought.
- (2) Number of those sources contacted.
- (3) Identification of the unique feature or emergency or reason it is impossible to advertise for bids.
- (4) Name of City employee who can testify regarding all of the above.

This memo will be forwarded to the City Attorney along with the request for a Resolution.

F. Minoritv and Women Owned Businesses (MBE/WBE)

The City is fully committed to encouraging the participation of minority and women owned businesses in all procurement. MBE/WBE are to be given the maximum opportunity to compete for and perform services and provide products under this

G. Signature Authority

A copy of the departmental purchase requisition, signed by the department head or authorized designee shall be maintained in the department for all purchases made under this Administrative Regulation. That signed requisition is to be retained by the department for a period of two years.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AMENDING THE LONG BEACH MUNICIPAL CODE BY AMENDING SECTION 2.84.010 RELATING TO AUTHORITY OF CITY PURCHASING AGENT AND OTHERS TO CONTRACT

The City Council of the City of Long Beach ordains as follows:

Section 1. Section 2.84.010 of the Long Beach Municipal Code is amended to read as follows:

2.84.010 Authority of City Purchasing Agent and others to contract.

The City Purchasing Agent, with the written approval of and in accordance with procedures provided by the City Manager, and such faithful performance bonds as the City Manager may deem reasonably necessary, is hereby authorized to bind the City through the issuance of a purchase order without advertising for bids for the purchase of services, labor, supplies, materials, goods, or other valuable consideration furnished to the City for amounts not exceeding one hundred thousand dollars (\$100,000) and, if the purchase will be reimbursed by state or federal grant funds relating to homeland security, for amounts not exceeding five hundred thousand dollars (\$500,000). For non-state or federal grant related purchases exceeding one hundred thousand dollars (\$100,000), but not exceeding two hundred thousand dollars (\$200,000), the City Purchasing Agent is authorized to issue a purchase order if the award is based on an Invitation to Bid (1TB) or a Request for Proposal (RFP) process, which results in at least three (3) bids or proposals conducted in

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1 conformance with this Code and applicable law and purchasing
2 procedures as promulgated by the City Purchasing Agent.

3 Other persons, categorized as managers in each City department
4 and as delegated authority by the City Purchasing Agent, may make
5 purchases, but only within the limits set forth in this Section and only in
6 accordance with regulations and any additional limitations as set forth by
7 the City Purchasing Agent.

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1 Section 2. The City Clerk shall certify to the passage of this ordinance
2 by the City Council and cause it to be posted in three (3) conspicuous places in the City
3 of Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by
4 the Mayor.

5 I hereby certify that the foregoing ordinance was adopted by the City
6 Council of the City of Long Beach at its meeting of ___ D_e_c_e_m_b_e_r_ 11_____, 20__q
7 by the following vote:

8
9 Ayes: Councilmembers: Garcia, Lowenthal, DeLong, O'Donnell,
10 Andrews, Johnson.
11 _____
12 _____

13 Noes: Councilmembers: Shipley, Neeley.
14 _____
15 _____

16 Absent: Councilmembers: Justin.
17 _____
18 _____

18 
19 _____
20 City Clerk

21
22 Approved: 11/11-1
23 (Date)

21 
22 _____
23 Mayor

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA) ss
COUNTY OF LOS ANGELES)
CITY OF LONG BEACH)

Megan Wiegelman being duly sworn says: That I am employed in the Department of the City Clerk of the City of Long Beach; that on the 17th day of December, 2012, I posted three true and correct copies of Ordinance No. ORD-12-0020 in three conspicuous places in the City of Long Beach, to wit: One of said copies in the entrance lobby of City Hall in front of the Information Desk; one of said copies in the Main Library; and one of said copies in the entrance lobby of the 14th Floor of City Hall.



Subscribed and sworn to before me
this 17th day of December, 2012.



CITY CLERK

Number: FPP 4-6
Issue: 1
Page: 1 of 3
Revised Date: 07/31/14

SUBJECT: Citywide Guidance for Vendor Maintenance to Include Adding Vendors, Administrative Payees, and Program Participants

I. PURPOSE

The City is required to obtain form W-9 - Request for Taxpayer Identification Number and Certification for all individuals, partnerships, and companies who are being compensated for the provision to the City of goods or services. This policy:

- Defines whom the City is required to obtain W-9 forms from.
- Defines at What frequency new W-9s are to be requested from existing City Vendors.
- Defines who is responsible to update existing W-9s on file with the City.
- Defines the process for adding a new standard vendor, one-time vendor, Administrative Payee, or Program Participant into the City financial system.
- Defines what process is to be used to change or add a new remit to address for an existing standard vendor, one-time vendor, Administrative Payee, or Program Participant.

II. SCOPE

In the interest of administrative uniformity, this regulation is applicable to all City departments, City elected offices and other independent offices and departments.

III. AMENDMENT

The City Manager may edit or update the policy, procedures and contents in this regulation in accordance with the provisions set forth in Financial Policy and Procedure (FPP) 1-1.

IV. DEFINITIONS

1. **Standard Vendor**- Standard Vendors are individuals, partnerships, or companies that the City will likely be executing multiple transactions and will be making frequent payments to. Standard Vendors do not include Administrative payees. The City shall require all Standard Vendors to submit a completed W-9 (or a W-8 if a non-US provider).
2. **One-Time Vendor** - One-time vendors is a function used by the financial system to allow payments of less than \$600 annually to be made to individuals, partnerships, companies and Program Participants that are paid on a one-time basis. One-time vendors who are Qualifying Program Participants or who have payments in excess of \$600 annually are required to submit completed IRS Form W-9(or a W-8 if a non-US provider).

City Manager Initials:- - - -

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Date: 11/11/14

SUBJECT: Citywide Guidance for Vendor Maintenance to Include Adding Vendors, Administrative Payees, and Program Participants

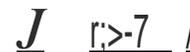
3. **Administrative Payee** - Administrative Payees are employees of the City. Administrative employees are a form of a standard vendor who have a vendor type code of E. Administrative Payees are not required to submit W-9s.
4. **Program Participant** - Program Participants have not contracted with the City to run a grant program, but rather are the direct recipient of grant funding. Program Participants are broken into two subcategories based on the taxability of the services, cash or benefits provided; Qualifying and Non-qualifying Program Participants.
 - a. **Qualifying Program Participant** - Qualifying Program Participants are required to submit W-9s. Qualifying Program Participants receive grant funding that is reportable as federal and/or state income for tax purposes and may receive a 1099 from the City at calendar year end. This classification is specific to the grant program. The grantor should specify whether the services, cash or benefits provided to a recipient are considered taxable income. This information must be identified by the submitting department when the request to create the new vendor is submitted.
 - b. **Non-qualifying Program Participant** - Non-qualifying Program Participants are not required to submit W-9s. The grant funding that Non-qualifying Program Participants receive is not reportable as federal or state income for tax purposes. This classification is specific to the grant program. The grantor should specify whether the services, cash or benefits provided to a recipient are not considered taxable income. This information must be identified by the submitting department when the request to create the new vendor is submitted.

V. **POLICY**

1. At least once every three (3) years, the City will request an updated W-9 from active qualifying standard vendors.
2. The Department of Financial Management (FM) is responsible for requesting the updated W-9s. Vendors who fail to provide the required updated W-9s shall be inactivated until the form is obtained.
3. A new W-9 is required under the following conditions:
 - A new Standard Vendor,
 - A Qualifying Program Participant,
 - A One-time Vendor who has taxable payments in excess of \$600 annually,
 - A change in the vendor name,
 - A change in a vendor TIN number.

City Manager Initials: _____





Number: FPP 4-6
Issue: 1
Page: 3 of 3
Revised Date: 07/31/14

SUBJECT: Citywide Guidance for Vendor Maintenance to Include Adding Vendors, Administrative Payees, and Program Participants

4. Requests to add a new standard vendor, one-time vendor, Administrative Payee, or Program Participant into the City financial system will be forwarded via email along with a completed Vendor Add Form and any additional needed or required supporting documentation to FM-Vendors@longbeach.gov.
5. The Vendor name and vendor number (if existing vendor) shall be entered into the subject field of the email.
6. Changes to a vendor's remit to address, name, or TIN number are to be forwarded via email along with a completed Vendor Add Form and/ or W-9 and any additional necessary or required documentation to the FM-Vendors@longbeach.gov email address.
7. Documentation supporting a change in remit to address or TIN number, such as an invoice or other notification, shall be attached to the email request.
8. Unless special circumstances exist, requests made verbally, in person or via the phone, or dropped off in hard copy will not be processed.
9. FM staff shall process your request within two (2) business days of receiving a request inclusive of all required supporting documentation.
10. If a vendor suffix already exists with the requested remit to address, no changes or additions will be made to the vendor file.
11. A change in a vendor remit to address does not require the submission of a revised W-9. However, any submitted requests for a change in the remit to address shall identify which vendor number suffix is to be changed and shall include appropriate supporting documentation such as an invoice or other notification that reflects the requested change.

 City Manager Initials:

ARTICLE VIII. - CITY AUDITOR

Section 800. - OFFICE OF THE CITY AUDITOR.

The office of the City Auditor shall consist of the City Auditor and such employees as the City Council may provide for in the budget.

Sec. 801. - QUALIFICATION AND TERM OF OFFICE.

The City Auditor shall be elected by the qualified electors of the City and shall hold office for four (4) years, and until a successor has been elected and qualified. To qualify for the office of City Auditor, a candidate shall be licensed to practice in the State of California as a certified public accountant and have been so certified for at least five (5) years immediately preceding the date of filing of a nominating petition for the office of City Auditor.

(Amended by Pro p. S, 4-9-2002, eff. 6-10-2002)

Sec. 802. - APPOINTMENTS BY THE CITY AUDITOR.

The City Auditor shall appoint all employees in his office, for whose acts he shall be responsible. Such appointees shall serve at the pleasure of the City Auditor .

Sec. 803. - DUTIES OF THE CITY AUDITOR.

The City Auditor shall be the general auditor of the City and of every department , commission and office thereof . The City Auditor shall have the authority to conduct performance audits of City departments, boards, commissions and offices. Performance audits are defined as independent assessments of programs, functions, operations, or management designed to enhance performance, cost savings, efficiency or service improvements. The City Auditor, as often as the City Auditor shall deem it advisable, but in any case at least once in each fiscal year, and at such other times as the City Auditor shall be directed by the City Council, shall carefully examine and audit the books, records, accounts, funds and securities of all departments, boards, commissions and offices of the City for the purpose of determining : the accuracy and correctness of such books, records and accounts; that the City and Commissions thereof are receiving all monies, of whatsoever nature due it or them; and that such monies are allocated to the funds entitled thereto. Immediately upon the completion of such examination and audit, the City Auditor shall make and file with the City Clerk and City Council, a written report thereof. If, during the course of such examination and audit , the City Auditor discovers any irregularities , the City Auditor shall immediately make and file a written report thereof to the City Clerk and City Council.

The City Auditor shall verify the cash in the City Treasury at least once a quarter and shall make a written report thereof to the City Council.

(Amended by Meas. AAA, 11-6-2018, eff. 12-11-2018)

Sec. 804. - DISBURSEMENTS AUDIT.

The City Auditor shall regularly review all systems and procedures for the disbursement of City funds and all its departments, commissions, offices and agencies and shall require such controls as deemed necessary to insure that such disbursements are made in accordance with applicable laws, regulations and policies. As evidence of this regular review, the City Auditor shall sign or cause to be affixed his or her facsimile signature to each check or warrant. If the City Auditor objects to a disbursement, the objection may be overruled by a majority vote of the membership of the City Council or by such other independent commission or agency of the City having appropriate jurisdiction. The provisions of this or any other section shall not preclude the authorization and use of imprest cash funds to effect economies in the processing of nominal City expenditures, subject only to advance approval by the City Auditor of procedures, amount and general purpose of such funds.

Sec. 805. - RECEIPTS AUDIT.

The City Auditor shall regularly review all systems and procedures relating to the receipt of funds by the City and all its departments, commissions, offices and agencies and shall require such controls as deemed necessary to insure that such receipts are properly deposited on a timely basis in the City Treasury.

Sec. 806. - COPIES OF RECORDS, REPORTS AND CONTRACTS.

A certified copy of every contract in which the City or any of its commissions is a party shall be filed with the City Auditor within ten (10) days after execution. The City Auditor shall be furnished a copy of all reports of a financial nature prepared by any department, commission, office or agency of the City. In the performance of his or her duties, the City Auditor shall have timely access to all City records, including but not limited to financial records, contracts, documents, systems, files, property and other internal records, unless restricted or prohibited by law.

(Amended by Meas. AAA, 11-6-2018, eff. 12-11-2018)

Sec. 807. - VACANCY IN THE OFFICE OF THE CITY AUDITOR.

In the event of a vacancy in the office of the City Auditor for any reason, the City Council shall designate an assistant as Acting City Auditor who shall serve in that position until the City Council appoints a successor for the unexpired balance of the term. The City Council shall act as expeditiously as possible to appoint a successor having the qualifications prescribed herein.

ARTICLE XVII. - FINANCE

Section 1700. - (Deleted by Prop. G, 5-1-2007, eff. 5-22-2007)

Sec. 1701. - PROPERTY TAXES.

The assessment of property for tax purposes, the equalization of such assessments, the levy, collection and enforcement of property taxes, and the redemption of property from delinquent taxes shall be as provided by State law.

All cost of removing weeds from property shall be a lien upon the real property from which such weeds have been removed. The time when the liens so provided shall attach shall be fixed by ordinance by the City Council.

Sec. 1702. - CITY MANAGER'S RECOMMENDED BUDGET.

The City Manager annually shall prepare, and not later than ninety (90) days prior to the beginning of each fiscal year, submit to the Mayor the recommended budget for the forthcoming fiscal year, based upon detailed estimates furnished to the City Manager as may be prescribed. Departmental budgets of departments for which the City Manager is not administratively responsible shall be submitted as furnished by the heads of such departments, but in a form and on a date as prescribed by the City Manager. Not later than sixty (60) days prior to the beginning of the fiscal year for which the City Manager has prepared his recommended budget, the Mayor shall present the budget as submitted to the Mayor by the City Manager to the City Council together with any comments and recommendations that the Mayor may wish to attach to it for consideration by the City Council.

(Amended by Prop. A, 5-1-2007, eff. 5-22-2007; Amended by Prop. R, 11-4-1986, eff. 2-5-1987)

Sec. 1703. - PUBLIC BUDGET HEARINGS.

The City Council shall hold one or more public hearings before adoption of the budget.

Sec. 1704. -AMENDMENT OF THE BUDGET.

The City Council may amend the preliminary budget and shall adopt such preliminary or amended preliminary budget as the budget for the forthcoming fiscal year, and shall not later than fifteen (15) days prior to the end of the current fiscal year pass an appropriation ordinance conforming thereto. If the City Council fails to adopt a budget and appropriation ordinance by the time prescribed herein, the City Manager's recommended budget shall be deemed to be the budget adopted by the City Council and appropriation expenditures shall be made in accordance therewith.

The budget and appropriations ordinance as adopted by the City Council (including the City's budgets for which the City Manager is not administratively responsible) shall be immediately transmitted to the Mayor upon whose approval and signature they shall become effective. If the Mayor shall fail to act upon the budget and appropriations ordinance within five (5) calendar days after its adoption by the City Council, it shall thereupon become effective. If the Mayor disapproves of any expenditure, the Mayor may reduce or eliminate that item, and shall within the same five (5) calendar day period return the budget and the appropriations ordinance to the City Council with a statement of action taken.

Upon receipt by the City Council of the budget veto message from the Mayor, the City Council shall have until the end of the fiscal year within which to override the action of the Mayor by a vote of two-thirds (2/3) of its members.

Upon the commencement of the fiscal year, the budget and appropriations ordinance as returned by the Mayor, and to the extent modified thereafter by the City Council, shall become the budget and appropriations ordinance for the ensuing fiscal year.

(Amended by Prop. A, 5-1-2007, eff. 5-22-2007)

Sec. 1705. - BUDGET AND APPROPRIATION ORDINANCE.

The Appropriation Ordinance shall govern and control the expenditure and commitment amounts stated therein relating to the several departments, offices and agencies during each fiscal year.

After the adoption of the Appropriation Ordinance, the City Council may authorize the transfer of any portion of an original appropriation which is deemed to be surplus, or may appropriate additional funds from available revenue or surplus which was not included in the budget.

Sec. 1706. - TRUST FUNDS.

The City Manager may establish trust and special deposit funds for the deposit of money received by the City in trust or for special purposes. Disbursements may be made from such funds according to the conditions of the deposit, and under rules to be issued by the City Manager.

Sec. 1707. - (Deleted by Prop. G, 5-1-2007, eff. 5-22-2007)

Sec. 1708. - DISPOSITION OF NON-TRUST OIL PROCEEDS.

- (a) The net proceeds received by the City from the sale or disposition of oil, gas and other hydrocarbon substances derived from, or allocated or assigned to all lands acquired by the City by purchase, tax deed, exchange, trade or gift, located in the Harbor District of the City, other than lands which were purchased or acquired, in whole or in part, by use of tideland trust monies, to the extent provided in Chapter 138, Statutes of 1964, First Extraordinary Session, and other than tide and submerged lands which were acquired by the City by grant from the State of California pursuant to the provisions of Chapter 676, Statutes of 1911, Chapter 102, Statutes of 1925, and Chapter 158, Statutes of 1935, together with all money derived from cash bonuses paid by oil companies or individuals for oil leases on said lands, other than any tideland-trust-money-acquired lands or said tide and submerged lands (including all money paid for permits for drilling oil wells or for the erection of oil well derricks or other buildings in connection with oil development, and irrespective of whether or not such wells, derricks or buildings are located on any tideland-trust-money-acquired lands or on said tide and submerged lands) shall be paid into the General Bond Redemption and Interest Fund , which fund has been heretofore created and established and is hereby continued, so long as any such money shall be required for payment of any unpaid principal or interest on any and all outstanding general obligation bonds of the City other than those issued for Harbor, Water or Gas Department purposes, regardless of when such principal or interest shall be due and payable.
- (b) The net proceeds received by the City from the sale or disposition of oil, gas or other hydrocarbon substances derived from, or allocated or assigned to all lands belonging to the City and located outside the Harbor District, other than lands classified as tideland-trust-money-acquired lands or tide and submerged lands, as referred to in subsection (a) above, shall likewise be paid into the General Bond Redemption and Interest Fund so long as any such money shall be required for payment of any unpaid principal or interest on any and all outstanding general obligation bonds of the City other than those issued for Harbor, Water or Gas Department purposes regardless of when such principal or interest shall be due or payable.
- (c) When there shall have been deposited in said fund sufficient monies to pay the principal and interest on any and all such outstanding bonds, thereafter, and until there may be other such bonds outstanding, such money shall be paid into the Public Improvement Reserve Fund, so long as the amount of money therein shall be not more than the authorized maximum for said fund . Thereafter , whenever said funds shall be filled, and until such money shall be further required for, the General Bond Redemption and Interest Fund , such money, as received, shall be paid into the General Purpose Fund.

- (d) The money deposited in the General Bond Redemption and Interest Fund may, from time to time, be invested in accordance with the provisions of applicable legislation of the State of California providing for the investment and reinvestment of any monies in any sinking fund, or any surplus monies in the treasury of cities in the State. All interest, earnings, income or profits from the investment of said monies shall likewise, to the extent required, be deposited to the credit of said fund.

Sec. 1709. - TIDELAND OIL REVENUE FUND.

- (a) There is hereby created and established a special fund to be designated as the "Tideland Oil Revenue Fund," which shall be a continuing fund not subject to transfer at the close of the fiscal year. Revenue from the following sources shall be deposited in the City Treasury to the credit of said fund:
- (1) The net proceeds received by the City from the sale or disposition of oil, gas and other hydrocarbon substances (other than dry gas), including advance payments, derived from, or allocated or assigned to, the "Long Beach tidelands," as defined in Chapter 138, Statutes of California, 1964, First Extraordinary Session.
 - (2) The net receipts from the sale of property used in the extraction, sale or disposition of oil, gas and other hydrocarbon substances from the Long Beach tidelands, the cost of which has been or may be defrayed from proceeds from such hydrocarbon substances.
 - (3) The net proceeds received by the City from the sale or disposition of oil, gas and other hydrocarbon substances (other than dry gas) derived from, or allocated or assigned to, or attributable to production from or allocated or assigned to any lands lying seaward of the northerly boundary of the Long Beach tidelands, as defined in Chapter 138 aforesaid, and westerly of the easterly boundary of the undeveloped portion of the Long Beach tidelands .
 - (4) The net proceeds received by the City from the sale or disposition of oil, gas and other hydrocarbon substances (other than dry gas) derived from or allocated or assigned to, or attributable to production from or allocated or assigned to any lands owned by the City, including lands under the control and jurisdiction of the Harbor Department, and which were purchased or acquired, in whole or in part, by use of tideland trust monies, to the extent provided in Chapter 138 aforesaid.
 - (5) The net receipts to the City from the sale of dry gas as such derived from, or allocated or assigned to, or attributable to production from, or allocated or assigned to, the Long Beach tidelands, and which said dry gas is not received into the system of the City's municipal Gas Department.
 - (6) The repayment of all sums of money advanced from said fund for the purpose of financing participants in unit agreements and unit operating agreements.
- (b) The money deposited in the Tideland Oil Revenue Fund may, from time to time, be invested in accordance with the provisions of applicable legislation of the State of California providing for the investment and reinvestment of any monies in any sinking fund, or any surplus monies in the treasury of cities in the State.
- (c) Money credited to the Tideland Oil Revenue Fund may be used only for the following purposes:
- (1) The payment of all reasonable and necessary expenses, whether incurred in conjunction with unitized or non-unitized operations, incident to the development, production, extraction, processing, sale or other disposition of the oil, gas and other hydrocarbon substances derived from or allocated or assigned to, the

Long Beach tidelands, as defined in Chapter 138 aforesaid, the conducting of repressuring and pressure maintenance operations, and the satisfaction of all obligations arising out of or attributable to the conduct of any of the foregoing activities.

- (2) The payment to the State of California, for and in compliance with the purposes and formula stated, and for the benefit and reimbursement of the respective State agencies therein designated, whether or not included in the official City budget, such amounts as shall be presently or hereafter required by reason of the enactment by the State Legislature of Chapter 29, Statutes of 1956, First Extraordinary Session as amended by Chapter 1398, Statutes of 1963, and Chapter 138, Statutes of 1964, First Extraordinary Session, as such legislation is, has been and may hereafter be construed by the courts having jurisdiction thereof.
- (3) The payment of all costs and expenses incurred by the City, and not included in paragraph (1) above, incident to the supervision and administration of oil and gas operations. To the extent that any non-tideland costs and expenses with respect to such supervision and administration may be initially paid from the Tideland Oil Revenue Fund, such fund shall be reimbursed therefor by appropriate journal entry on the books of the City in the manner determined by the City Manager.
- (4) The payment of the City and Harbor District subsidence costs.
- (5) To finance participants in unit agreements and unit operating agreements, including any contractor or lessee of City-controlled lands qualifying as a participant therein in the manner provided by law, in such amounts, whether or not included in the official budget, as shall be determined by the City Council to be necessary in order to encourage the initiation and conduct of repressuring operations with the greatest possible speed in a subsidence area.
- (6) With prior approval of a majority of all members of the City Council, monies may be expended from said fund for all other projects and purposes authorized by Chapter 676, Statutes of 1911, Chapter 102, Statutes of 1925, Chapter 158, Statutes of 1935, Chapter 29, Statutes of 1956, First Extraordinary Session, and Chapter 138, Statutes of 1964, First Extraordinary Session.
- (7) To the extent monies are at any time expended from other established funds, including those providing for the operation and maintenance of the Harbor Department, in payment of costs, expenses, departmental charges or any other obligation incurred, which said costs, expenses, departmental charges or obligation could properly be charged to and paid from said Tideland Oil Revenue Fund, such fund incurring such expenditure may, with the approval of the City Manager, be reimbursed therefor. All such reimbursement transfers shall be made by journal entry on the books of the City in the manner determined by the City Manager.

Sec. 1710. - TIDELAND OPERATING FUND.

- (a) There is hereby created and established a special fund, to be designated as the "Tideland Operating Fund," which shall be a continuing fund not subject to transfer at the close of the fiscal year. Revenue from the following sources shall be deposited in the City Treasury to the credit of said fund:
 - (1) All net proceeds and revenues, exclusive of net proceeds and revenues attributable to oil and gas operations, derived from the conduct and maintenance of operations, facilities, and other improvements situated on the Long Beach tidelands outside of the Harbor District, and from operations, facilities and

- other improvements situated on other lands outside of the Harbor District owned by the City to the proportionate extent that such lands were acquired with, or such operations, facilities and improvements were constructed or implemented with, tideland trust monies.
- (2) Interest, earnings, income or profits from the investment of money deposited to the credit of the Tideland Oil Revenue Fund.
- (3) Approved reimbursement transfers from other established funds. All such reimbursement transfers shall be made by journal entry on the books of the City in the manner determined by the City Manager.
- (b) The money deposited in the Tideland Operating Fund may, from time to time, be invested in accordance with the provisions of applicable legislation of the State of California providing for the investment and reinvestment of any monies in any sinking fund, or any surplus monies in the treasury of cities in the State. All interest, earnings, income or profits from the investment of said money shall likewise be deposited to the credit of said fund.
- (c) With prior approval of a majority of all members of the City Council, money credited to the Tideland Operating Fund may be expended for the purpose of performing services defraying operating and maintenance costs, making repairs, additions and betterments, making land acquisitions, constructing improvements, and for other related purposes, all as authorized by Chapter 676, Statutes of 1977, Chapter 702, Statutes of 1925, Chapter 758, Statutes of 1935, Chapter 29, Statutes of 1956, First Extraordinary Session, and Chapter 738, Statutes of 1964, First Extraordinary Session.
- (d) All money attributable to oil revenue remaining in the Tideland Oil Fund as of the effective date of this amendment, and without the necessity of any further action, shall be transferred, and paid into the Tideland Oil Revenue Fund. The balance of all other monies in said fund shall, without further action, be transferred and paid into the Tideland Operating Fund. Said Tideland Oil Fund shall thereupon cease to exist. Those portions of the money in said fund which are transferred and paid into the Tideland Oil Revenue Fund and the Tideland Operating Fund, respectively, shall be expended for purposes in accordance with the currently adopted appropriation ordinance.

Sec. 777.7. - RESERVE FUND FOR SUBSIDENCE CONTINGENCIES.

There is hereby created and established a special fund, to be designated as the "Reserve Fund for Subsidence Contingencies," which shall be a continuing fund not subject to transfer at the close of the fiscal year.

There shall be deposited in the City Treasury to the credit of said fund all monies payable to the City in accordance with any provision for a "reserve for subsidence contingencies" as contained in the "Contractors' agreement," as defined and referred to in Chapter 738, Statutes of 1964, First Extraordinary Session. All of said amounts, together with interest, shall be invested in bonds issued by the State of California, or, if such bonds are unavailable, then in security of the United States. In the event said Chapter 738 is amended to permit the investment of monies in said fund in bonds issued by the State of California or in security of the United States, then this Section shall be deemed to also permit such investment instead of as restricted above.

There shall be expended from such fund, whether or not included in the official City budget, sufficient monies to indemnify and hold harmless the City, the State of California, and any and all contractors under the aforesaid Contractors' agreement from claims, judgments and costs of defense, arising from subsidence alleged to have occurred as a result of operations under said agreement.

There shall also be expended from such fund monies to pay subsidence costs or the costs of conducting repressuring operations in the event there is no oil revenue, as defined in Chapter 138 aforesaid, or the oil revenue is insufficient to pay such costs.

Monies in said fund shall not be otherwise expended, nor shall any distribution be made therefrom, except in accordance with the provisions of Chapter 138, Statutes of 1964 First Extraordinary Session.

Sec. 1712. - HARBOR REVENUE BONDS.

Notwithstanding any provision of this Charter to the contrary, any revenues which are attributable to oil and gas operations and which are subject to the jurisdiction of the Board of Harbor Commissioners or of the City, may, with the consent of a majority vote of all members of the City Council, be used to pay, or may be pledged as additional security to pay, the principal of and interest on revenue bonds of the Harbor Department.

Sec. 1713. - PAYMENT OF GENERAL OBLIGATION INDEBTEDNESS.

The City Council shall annually provide, by a special tax levied upon real and personal properties, a sum sufficient to pay the principal and interest coming due upon the general obligation indebtedness of the City during the fiscal year.

Sec. 1714. - (Deleted by Prop. G, 5-1-2007, eff. 5-22-2007)

Sec. 1715. - INSURANCE.

In order to enable the City to be self-insured, the City Council shall create a separate fund, to be known as the "Insurance Fund." The City Council shall, from time to time, appropriate to said fund a sum which shall be used to meet losses of buildings or other property through destruction or damage from any cause, and losses through liability for injuries to persons or property which the City may sustain. Such fund shall be a continuing fund, the principal and accrued interest of which shall be used only for the payment of such losses and liabilities. In a like manner, the body having control of the funds of any public utility operated by the City may annually set aside from the income derived from the public utility of which said body has control, a similar fund to be used only to meet such losses to the property of such utility or the payment of liability through the operation of such utility .

Sec. 1716. - CASH BASIS ACCOUNT.

The City Council may create a separate account in the General Purpose Fund to be known as "Cash Basis Account." Such account shall be a continuing account and not subject to transfer or included in the General Purpose Fund Unreserved balance at the close of the fiscal year. The City Manager shall have the power to transfer monies from the Cash Basis Account to other funds for the purpose of placing such fund or funds on a cash basis. It shall be the duty of the City Manager to provide that all money so transferred from the Cash Basis Account be returned thereto before the end of the fiscal year. All funds presently remaining in the existing Cash Basis Fund shall be transferred to the Cash Basis Account. The City Council may from time to time transfer or appropriate monies to the Cash Basis Account. Interest received on funds invested shall be paid to the General Purpose Fund.

Sec. 1717. - (Deleted by Prop. G, 5-1-2007, eff. 5-22-2007)

Sec. 1718. - ESTABLISHMENT OF FUNDS.

The funds of the City shall be established by ordinance except for trust and special deposit funds for the deposit of money received by the City in trust or for special purposes established by the City Manager. Disbursements may be made from such funds according to the conditions of the deposit and under rules to be issued by the City Manager and approved by the City Council.

Sec. 1719. - TRANSFER BETWEEN FUNDS.

The City Council may, by resolution, authorize the transfer of money from one or more funds to another fund of the City. The resolution shall provide the return of such monies transferred before the end of the fiscal year . However, no transfer shall be made unless at the time of such transfer, there shall remain in the fund from which the transfer is made, together with all revenues anticipated to be payable into such fund during such period, sufficient money to pay therefrom all salaries and wages, claims, encumbrances and commitments payable from such fund for the period until such monies thus transferred shall be returned thereto. No such transfer shall ever be made pursuant to the foregoing provisions from funds held by the City in trust for specific purposes and uses or from the fund or funds required to be kept and maintained by the City by the Constitution of the State of California or the general laws of said State.

Sec. 1720. - GENERAL OBLIGATION BONDS.

Whenever the City Council shall determine that the public interest requires the construction, acquisition, completion, remodeling or repair or any improvement or utility, the cost of which, in addition to the other expenditures of the City, will exceed the income and revenue provided for in any one year, they may, by ordinance, submit a proposition to incur a general obligation bonded indebtedness for such purpose and proceed therein as provided in Section 18 of Article XVI, of the Constitution of this State and the general law or laws thereof. No bond issued therefore shall be sold for less than par, nor to any other than the lowest responsible bidder, after advertising for sealed proposals therefor. Several propositions for the issue of such bonds may be submitted at any special or general municipal election.

Sec. 1721. - REVENUE BONDS.

The City by procedural ordinance of the City Council or pursuant to State law, may issue revenue bonds without an election for any City purpose or purposes, and, any other provisions of this Charter notwithstanding, may make such covenants and exercise such powers as are deemed necessary for the issuance and sale of such revenue bonds.

Sec. 1722. -ACCOUNTING AND FINANCIAL REPORTING.

The City Manager shall establish accounting records for all cash receipts, disbursements and other financial transactions of the City which conform to generally accepted accounting principles for municipalities and the requirements of State law and City ordinances . In addition to any other method of accounting prescribed by generally accepted accounting principles, the financial records and reports shall include a record of appropriations and their unencumbered balances to insure that the total of expenditures and encumbrances does not exceed the amount appropriated therefor. The City Manager shall establish an organization consisting of such divisions, officers and personnel with duties he deems necessary to develop and maintain the financial records required by this Section.

Sec. 1723. - DEPOSIT, MAINTENANCE AND INVESTMENT OF CITY REVENUES.

All revenues, including cash and negotiable instruments, coming into the possession of any City officer or employee shall be deposited promptly in the City Treasury . The City Treasury shall be maintained in a Federal or State chartered bank or banks. Any temporarily surplus monies in the City Treasury shall be invested in interest bearing securities as provided by State law.

Sec. 1724. - (Deleted by Prop. G, 5-1-2007, eff. 5-22-2007)

Sec. 1725. - SHORT-TERM REVENUE CERTIFICATES.

- (a) In addition to the powers conferred by this Charter, the City Council and, with the prior approval of the City Council, the Board of Harbor Commissioners and the Board of Water Commissioners shall have the power to borrow money and incur indebtedness from time to time for any of the purposes for which it can issue bonds or notes pursuant to this Charter, City ordinances , applicable provisions of the Constitution of the State of California, or general State and Federal laws relating to municipalities. Such indebtedness shall be evidenced by revenue certificates issued in the manner and subject to the limitations hereinafter set forth in this section.
- (1) Certificates issued by the City Council, the Board of Harbor Commissioners or the Board of Water Commissioners pursuant to this section may be negotiable or non-negotiable, may be sold at public or private sale, at par or at a discount, at such interest rate or rates, as the City Council or Board of Harbor Commissioners or Board of Water Commissioners may determine and all certificates shall be, and shall recite upon their face that they are, payable both as to principal and interest out of the revenue fund pertaining to the revenue fund on account of which the indebtedness evidenced by such certificates was created and not out of any other fund or moneys of the City or the Harbor or Water Departments. Such recital, however, shall not preclude payment from the proceeds of sale of other certificates issued pursuant to this section or from amounts drawn on bank lines of credit pursuant to subsection (b) of this section or from any other lawfully available source of funds .
- (2) In order to exercise the power to borrow money pursuant to this section , the City Council , the Board of Harbor Commissioners or the Board of Water Commissioners shall adopt a resolution authorizing the sale and issuance of certificates for such purpose. In the case of revenue certificates to be issued by the Board of Harbor Commissioners or the Board of Water Commissioners, the prior approval of the City Council shall be expressed by resolution.
- (b) The City Council or respective Board of Commissioners may arrange for bank credit for the purpose of providing an additional source of repayment for indebtedness incurred under this section. Amounts drawn on available bank lines of credit may be evidenced by negotiable or non-negotiable promissory notes or other evidence of indebtedness; provided, however, that any such notes or other evidence of indebtedness shall recite upon their face that they are payable, both as to principal and interest, out of funds pertaining to the revenue fund on account of which the indebtedness was created and not out of any other fund or moneys of the City or the Harbor or Water Departments .
- (c) This Section 1725 is complete authority for the issuance of certificates and the obtaining of bank credit hereunder, and no action or proceeding not required by this section shall be necessary for the valid authorization of such indebtedness . The powers conferred by this section are in addition and supplemental

to, and are not in substitution for, and the limitations imposed by this section shall not affect the powers conferred by any other provision of this Charter or other applicable State or Federal laws.

(Amended by Pro p. N, 6-5-1984, eff. 7-20-1984)

ARTICLE XVIII. - CONTRACTS

Section 1800. - FORM AND EXECUTION.

The City shall not be and is not bound by any contract, except as otherwise provided herein, unless the same is made in writing, by order of the City Council, and signed by the City Manager or by another officer authorized to do so by the City Manager. The approval of the form of the contract by the City Attorney shall be endorsed thereon before the same shall be signed on behalf of the City. The City Council, by ordinance duly adopted, may authorize the City Manager, or any commission or agent of the City, with the written approval of the City Manager, to bind the City without a contract in writing for the payment of services, supplies, materials, equipment and labor or other valuable consideration furnished to the City in an amount not exceeding the limit established by ordinance of the City Council. The Board of Harbor Commissioners and the Board of Water Commissioners may authorize contracts, in writing or otherwise, without advertising for bids, for the payment of services, supplies, materials, equipment and labor or other valuable consideration furnished to the City in an amount not exceeding the limit established by ordinance of the City Council.

Sec. 1801. - BIDS FOR CONTRACTS TO BE CALLED.

All contracts, except as otherwise provided in this Charter, or by general law, for the City or any of the departments or public institutions thereof, must be made by the City Manager with the lowest responsible bidder whose bid is in regular form, after one publication of a notice calling for bids in a daily newspaper of general circulation in the City. Said notice shall contain a brief description of the services, supplies, materials, equipment or labor required, the amount of bonds required of the successful bidder, and state the hour and day on which said bids will be opened.

The foregoing notwithstanding, the Director of Library Services, in accordance with procedures provided by and with the written approval of the City Manager, and with such faithful performance bonds, if any, as the City Manager may deem reasonably necessary, is authorized to contract on behalf of the City, without advertising for bids, for the purchase of books, pamphlets, government documents, serials, continuations, periodicals, recordings, videotapes, films, or an on-line acquisition system, and such other similar goods and services furnished to the City Library all in an amount not to exceed that set by the City Council each year in the annual budget for such goods and services.

The City Council, by resolution adopted by the affirmative vote of five members of the City Council, may authorize the City Manager to enter into a contract on behalf of the City, in writing or otherwise, without advertising for bids for services, supplies, materials, equipment or labor for actual emergency work.

(Amended by Prop. 2, 4-13-1982, eff. 5-18-1982)

Sec. 1802. - CONTRACTS OF OTHER GOVERNMENTAL AGENCIES.

The requirements of Sections 1800 and 1801 of this Charter shall not apply to purchases by the City and/or the Harbor Department and Water Department made on behalf of the City from any governmental body, officer or agency.

The City, the Board of Harbor Commissioners and Board of Water Commissioners may participate in joint and cooperative purchasing of services, supplies, materials, equipment and labor with other cities, counties, districts, State and Federal governments or other governmental agencies, singly, jointly, or in districts or associations, by purchasing under their contracts on a voluntary and selective basis when authorized by a resolution of the City Council, Board of Harbor Commissioners or Water Commissioners, respectively. Such purchasing shall be in accordance with enabling legislation under Federal and State statutes and revisions, amendments, executive orders, and rules and regulations pertaining thereto.

Sec. 1803. - PREFERENCE TO BUSINESSES LOCATED IN THE CITY.

In determining the lowest responsible bidder for furnishing materials, equipment, supplies, or non-professional services, the City may apply a local preference for businesses that hold a business license from the City and maintain a place of business within the City limits. The nature and amount of the local preference shall be established by the City Council by ordinance.

This section shall not be applicable unless payment is made solely from funds and revenues of the City, exclusive of funds and revenues derived from tidelands .

(Amended by Meas. U, 11-5-2002, eff. 11-27-2002)

Sec. 1804. - OPENING OF BIDS.

On the day and at the hour named in the notice calling for bids, the City Manager, or his designated representative, shall publicly open and declare all bids received, and at that time, or at such time as the City Manager may determine , shall accept the lowest regular responsible bid, or reject all bids and return all deposits accompanying said bids. The City Manager, at his option, may abandon all proceedings, or readvertise for bids in a like manner.

Sec. 1805. - COLLUSION-VOID CONTRACTS.

If at any time it shall be found that any person, firm or corporation to whom a contract has been awarded has, in presenting any bid or bids, colluded with any other person, firm or corporation, then the contract awarded shall, if the City so elects, be null and void, and the contractor and his bondsmen shall be liable to the City for all loss and damage which the City may suffer thereby; and the City Manager may advertise for a new contract for such labor, material or supplies.

Sec. 1806. - CONTRACTS FOR WORK USUALLY PERFORMED BY CITY EMPLOYEES.

Notwithstanding any provisions of this Charter respecting the employment or use of employees of the City, the City Council or any Commission, when acting with regard to matters within their authority and jurisdiction, may approve and authorize contracts with private contractors for the performance of work or services usually performed by employees of the City, provided:

- (a) The Council determines by ordinance, adopted by a vote of two-thirds (2/3) of its members or by resolution adopted by a vote of four-fifths (4/5) of the members of any Commission, and supported by findings expressed therein, that the work or services to be contracted for can be performed by a private

contractor as efficiently, effectively and at an estimated lower cost to the City than if said work or services were performed by employees of the City; and

- (b) In addition to the determinations regarding efficiency, effectiveness and estimated lower cost, said ordinance or resolution shall declare that the Council or Commission has considered all other relevant factors and has determined that the performance of said work or services by a private contractor will not be detrimental or adverse to the best interests of the citizens of the City; and
- (c) No such contract shall be entered into for the performance of work or services which the provisions of this Charter or other applicable law provide are to be performed by specified officers or employees of the City, or for work or services, usually performed by the City's police officers and firefighters; and
- (d) All contracts for work or services authorized to be performed by a private contractor pursuant to this Section shall be subject to and in accordance with the provisions of this Charter or other applicable State and Federal law relating to contracting .

Sec. 1807 . - NEGOTIATED CONTRACTS-ELECTRONIC DATA PROCESSING AND TELECOMMUNICATIONS EQUIPMENT.

Notwithstanding any other provision of this Charter relating to formal bidding requirements:

The City Council, the Board of Harbor Commissioners, and the Board of Water Commissioners may authorize and award negotiated contracts which are based on competitive proposals instead of sealed bids, for the acquisition of electronic data processing and telecommunication equipment, systems, subsystems and related materials, goods and services, in accordance with procedures and criteria which may be established for such negotiated contracts by the City Council by ordinance.

(Added by Prop. CC, 11-8-1988, eff. 12-19-1988)

Sec. 1808. - NEGOTIATED CONTRACTS-NATURAL GAS PURCHASES.

Notwithstanding any other provision of this Charter relating to formal bidding requirements:

The City Council may authorize and award negotiated contracts which are based on competitive proposals instead of sealed bids, for the purchase of natural gas for the City's Gas Utility, in accordance with procedures and criteria which may be established for such negotiated contracts by the City Council by ordinance.

(Added by Prop. DD, 11-8-1988, eff. 12-19-1988)

THE CITY AUDITOR'S GUIDE TO PAYMENTS

December 2008



OFFICE OF THE CITY AUDITOR

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CITY AUDITOR

City of Long Beach, California

The City Auditor's Guide to Payments

This booklet is produced to assist employees in understanding the purchasing and expense reimbursement policies and practices of the City of Long Beach. While it does not contain everything, it does include many examples of items that have created questions or problems for employees in the past. Please use this book as a guide and not the rule.

Expense reimbursements are made in accordance with Administrative Regulations 4-1 and 23-4. Everyone should read these ARs, which are attached in the back of this booklet. However, in addition to the ARs, the City Auditor applies a standard of "reasonable and necessary" when reviewing expenditures of the public's money.

This booklet is primarily intended for City Manager departments, as it is based on the City Manager's Administrative Regulations. Elective and other independent departments may be subject to other guidelines not included here; however, this booklet has some specific advice as well as general guidance for those departments.

City management is currently in the process of updating Administrative Regulations 4-1 and 23-4. Upon completion of this process, we recommend replacing the Administrative Regulations currently included in this booklet with the revised versions.

Table of Contents

Advertising.....	1
Auto.....	1
Mileage	
Mileage When Receiving Monthly Auto Allowance	
Auto Allowance for Staff	
City Car When Receiving Auto Allowance	
Business Luncheons for Staff	1
Community and Service Associations and Club Memberships.....	1
Computers and Technology Items.....	1
Contract vs. Purchase Order vs. Imprest Cash	2
Employee Gifts for Holidays, Birthdays, and Retirement	2
Employee Recognition and Awards Programs	2
Floral Arrangements to City Employees (Birthdays, Illness, etc.).....	2
Holiday Expenses	2
Memberships	2
Office Coffee and Refreshments	2
Office Decorations (Plants, Pictures, Framing, etc.).....	2
Office Supplies.....	3
Parking Reimbursements	3
Printing, Flyers and Mailers	3
Refreshments for Staff Meetings	3
Retirements	3
Travel Expenses	3,4
Airline	
Luggage Fees	
Rental Car	
Drive Own Car	
Advanced Lodging Fees	
Meals	
Business Group Meals	
Incidentals	
Airport Shuttle	
Airport Parking	
Tips	
Conferences	
Exhibits:	
Administrative Regulation Number 4-1: Authorization and Reimbursement for General Business Expenses.....	Exhibit A
Administrative Regulation Number 23-4: Procedures for Authorization, Advancement, Reimbursement, Expenditures and Control of Imprest Cash Fund	Exhibit B

- **Advertising**

- Advertising for jobs and City events is appropriate. However, the purchase of congratulatory or sponsorship ads is not appropriate, with rare exception. Elected officials should be cautioned that certain ads may appear to be political and would require the use of their officeholder monies or personal funds.

- **Auto**

- **AR:** Refer to AR 4-2 (Employee Transportation Authorization and Control) for specific policies and procedures for the use of City vehicles, auto allowance and mileage reimbursement.
- **Mileage:** Mileage for City-related business is paid at the prevailing rate and may be reimbursed from Imprest Cash monthly using the City's Mileage Reimbursement Form. Mileage is calculated from the employee's City work site to the destination and back.
- **Mileage when receiving monthly auto allowance:** Only trips outside of the Los Angeles Basin are reimbursed. This is defined as 50 miles from City Hall. To calculate reimbursable miles, subtract 100 miles from the total miles of each individual trip.
- **Auto allowance for staff:** Auto allowance is processed through the payroll system.
- **City Car When Receiving Auto Allowance:** Auto allowance is intended to compensate employees for using their vehicle for official City business. City cars should not be available to employees on auto allowance.

- **Business Luncheons for Staff**

- When an employee is required to work through lunch, it is appropriate for the City to pay for the lunch. However, this should be the exception and it should be documented that it was necessary to work through lunch with topic discussed and attendees listed. Lunch at your desk is not a reimbursable lunch.

- **Community and Service Association Club Memberships**

- The City will not pay membership fees, monthly dues, or luncheon costs for community, social, or service clubs and organizations.

- **Computers and Technology Items**

- Technology items should be purchased through the Technology Services (TS) Department. Purchases made of equipment and supplies not supported by the TS Department, e.g., public use computers, may require advance approval from the TS Department.

- **Contract vs. PO vs. Imprest Cash**

- Imprest Cash may be used for all purchases less than \$1,000 except when a purchase order (PO) exists for the product, for technology items, or for out-of-town travel.
- PO's are used for goods or services less than \$100,000 and may require City Manager approval.
- Contracts are required for agreements of \$100,000 or more and require City Council approval.
- Whenever a contractor is paid \$100,000 or more for a single project, or multiple projects within a 12-month period, a contract is required. For example, two \$60,000 PO's within twelve months would require a contract.
- Purchases over \$10,000 but less than \$100,000 require solicitation of a minimum of three (3) bids.

- **Employee Gifts for Holiday, Birthdays, and Retirements**

- The City will not pay for employee gifts for said events.

- **Employee Recognition and Awards Programs**

- All reasonable expenses are paid for employee recognition and awards programs.

- **Floral Arrangements to City Employees (Birthdays, Illness, etc.)**

- The City will not pay for flowers and cards sent to employees as a result of illness, deaths, birthdays, or any other occasion.

- **Holiday Expenses**

- The City will not reimburse for lunches, decorations, cards, or gifts related to any type of Holiday activities.

- **Memberships**

- The City will pay for professional memberships that relate to or add value to one's City position. See Community & Service Association Club Memberships, above.

- **Office Coffee and Refreshments**

- The City will not reimburse for staff coffee, drinks, snacks, kitchen supplies, or related equipment.

- **Office Decorations (Plants, Pictures, Framing, etc.)**

- As a practice, the City does not reimburse for personal items such as plants and pictures. However, the Department Head can authorize expenditures for decorating the office. This could include pictures, framing, and artwork. Only common area plants may be reimbursable if approved by the Department Head.

- **Office Supplies**

- Office supplies should be purchased through the Office Depot contract. Office supply purchases from other vendors is permissible only for emergencies and special circumstances. An explanation of the emergency or special circumstance must be provided.

- **Parking Reimbursements**

- Parking costs may be paid from Imprest Cash if supported by a receipt and an explanation of the business event. Parking related to out of town travel is not eligible for Imprest Cash reimbursement and should be included in the Travel Reimbursement.

- **Printing, Flyers and Mailers**

- Elected officials are allowed up to 199 mailings of any one item per month under the FPPC rules. However, the City will not pay for political mailers. Therefore, the content must be related to City business.

- **Professional Organization Functions**

- Expenses incurred to attend a professional organization function in the Los Angeles area are appropriate. The function must be related to the employee's job duties or City business. The employee must receive prior approval from the department head and submit a receipt showing the cost of the function for reimbursement.

- **Refreshments for Staff Meetings/Training**

- The City will not reimburse for staff meeting refreshments. Exception can be made for reimbursement by Department Head with explanation.
- Refreshments for training and/or meetings involving outside guests are reimbursable. The event must be related to City business. A receipt, a description of the event and list of attendees should be provided for reimbursement.

- **Retirements**

- The City will not reimburse for retirement gifts or parties.

- **Travel Expenses**

- All travel must have a documented purpose. Examples of documentation include conference brochure, meeting agenda, list of individuals met with and topic discussed, and correspondence setting meeting time and location. In the absence of this information, a signed memo describing the purpose and meeting attendees must be attached.

- **Airline:** Airline charges may be booked through the City's contracted travel agency and are limited to the lowest available coach fare.
- **Luggage Fees:** Luggage fees are costs associated with airline travel and are reimbursable up to two checked-in bags. If more than two checked-in bags are needed, a written explanation should be provided with the receipts and approved by the department head or designee.
- **Rental Car:** A rental car should only be selected when it is necessary. Employee convenience does not make it necessary to get a rental car. Airport shuttle services are cost effective and timely and should be used when available. The cost of a shuttle can be applied towards a rental car if the employee wishes to rent a car for personal reasons. Extra Damage/Insurance waiver fees are not reimbursable.
- **Drive Own Car:** An employee wishing to drive their own car out of town will be reimbursed the lesser of actual mileage and parking or the cost of airfare plus ground transportation.
- **Advanced Lodging Fees:** Advance deposits can be paid to hotels for lodging if the price is documented with a supporting invoice or conference brochure. If less than \$1,000, the amount may be paid from Imprest Cash. Such deposits are only for City employees and special status consultants. It does not apply to contractors.
- **Meals:** Meals are reimbursed based on actual costs incurred not to exceed \$50 per day plus gratuity. The \$50 can be allocated among meals as desired, and should be reduced accordingly for less than full business days. Gratuity is excluded from the meal total. For partial days, meals are limited to \$10 breakfast, \$15 lunch, and \$25 dinner. (See Business Group Meals for an exception.)
- **Business Group Meals:** Certain meals do not fall within the normal meal category. Examples include conference banquets or business meals with other agency representatives. When this occurs, the cost limit for that meal is removed from the daily total and is handled separately. For example: a conference dinner banquet that costs \$50. This amount should be documented as such and the daily limit for the other two meals is reduced to \$25 (\$10 + \$15).
- **Incid entals:** Expenses Such as spa fees, laundry and in-room movies are not reimbursable.
- **Airport Shuttle:** The cost of ground transportation is reimbursed and should be included as part of the Travel Reimbursement Request. Shuttle costs may be reimbursed from Imprest Cash if it is a one-day turn around trip with no hotel.
- **Airport Parking:** Parking is reimbursed on the Travel Reimbursement Request. If the trip is a one-day turn around with no overnight stay, then this amount may be paid from Imprest Cash.
- **Tips:** The City reimburses all reasonable and customary gratuities . Meal tips are limited to 15%.
- **Conferences:** Reimbursement for conference expenses requires a conference brochure, flyer, or agenda be attached to the payment package.



Administrative Regulations

A

Number AR4-1
Issue 10

Subject: Authorization and Reimbursement for General Business Expenses.

I. PURPOSE

The purpose of this regulation is to define and clarify authorized reimbursable general business expenses to include, but not be limited to, travel, professional memberships, employee functions, and other related expenditures incurred while conducting City business and to establish procedures for authorization and reimbursement of such expenses.

II. SCOPE

This regulation is applicable to all City departments and offices responsible directly to the City Manager. It is also requested that elective offices and other independent offices and departments of the City comply with these procedures in the interest of administrative uniformity.

III. EXCEPTIONS

The City Manager may exempt any employee from the provisions of this regulation at anytime should it be determined that the exception is warranted by extraordinary circumstances or operating requirements.

IV. AUTHORITY

Personnel Ordinance Section 1.16 is the legal authority for reimbursement of necessary expenses incurred by City employees in the performance of their duties.

V. DEFINITION

City officials and employees shall be expected to exercise good judgement and show proper regard for economy when incurring expenses in connection with official City business.

The following sections list expense classifications for information and guidance in determining expenses which are appropriate for City business-related purposes, memberships in professional organizations, and subscriptions to business related newspapers and journals. However, the City Manager may, at his discretion, approve or disapprove any of the types of travel or expenses outlined below, or any other such expenses not listed as he deems appropriate to specific circumstances.

VI. AUTHORIZATION AND REIMBURSEMENT POLICY FOR TRAVEL AND RELATED EXPENSES.

Each department must identify one or more travel coordinator(s) who will be responsible for coordinating travel arrangements with any travel agency with whom the City has entered a contract. Such travel agency will be used to search for air travel, ground travel and lodging alternatives, and secure and provide ticketing for the travel and lodging alternatives when requested by the Departmental Coordinator. The City Manager may appoint a City Travel Administrator to administer and control certain aspects of City travel, as described herein.

Transportation:

The following transportation modes may be employed for the purpose of traveling on City business:

(1) Air - Allowance for air travel will be reimbursed only for the actual round-trip fare. All City employees shall utilize coach or tourist class accommodations when traveling by commercial airline. All City air transportation must be paid via a Business Travel Account that will be administered by the Travel Administrator or paid by a personal credit card. Each Department Coordinator will receive an authorization number to use when securing air transportation, and will be responsible for auditing the Business Travel Account for the respective department before payment is made.

(2) City Vehicle - If available, use of a departmentally assigned or dispatch pool City vehicle is preferred over the use of a personal vehicle, and may be authorized for travel to and from designated places on City business outside the City when this method of transportation can be demonstrated as the most economical means available.

Costs for the use of City vehicles for this purpose shall be calculated based on current dispatch vehicle rental rates, as determined by the Fleet Services Bureau, or as a percentage of the total monthly rental charges for a departmentally assigned vehicle. Additionally, costs associated with the use of City vehicles should include the value of any City autoscript to be used for fueling such vehicles. Autoscript will not be issued to an employee utilizing a personal vehicle on City business, who will receive mileage or receives an automobile allowance.

Employees are authorized to pay for emergency repairs of a City vehicle while on a trip outside the City if the condition is such that repairs are essential to ensure a safe return to Long Beach. All receipts for any such repairs must be retained and forwarded to the department to which the vehicle is assigned, together with the request for reimbursement. Employees utilizing dispatch vehicles should forward such requests to Fleet Services Bureau for reimbursement.

(3) Private Automobile - In the absence of a departmentally-assigned or dispatch pool vehicle, and with specific permission from either an employee's department head or the City Manager, an amount not to exceed coach or tourist class air fare will be authorized for the use of private cars in travel to and from designated place(s) on City business outside the City, based on the mileage allowance rate in the current Salary Resolution. For employees who receive a monthly Auto Allowance, the reimbursable mileage is calculated by deducting 100 miles from the total round-trip miles traveled. Employees who do not receive a monthly Auto Allowance shall be reimbursed for total round-trip miles.

(4) Garage and Parking Expenses - Expenses for parking and storage of private or City vehicles may be authorized. Receipts should be provided to obtain reimbursement.

(5) Vehicle Rentals, Taxi and Transit Fare - Expenses for such transportation may be authorized where such conveyances are reasonable and necessary to conduct City business. Receipts for vehicle rentals must be provided to obtain reimbursement.

Lodging:

Expenses will be allowed for adequate lodging. Itemized receipts for lodging must be provided to obtain reimbursement.

Meals:

Reasonable and customary expenses for meals may be authorized for City employees as required to conduct Official City duties. Employees traveling on City business shall be entitled to reimbursement of expenses incurred for necessary meals not to exceed breakfast, lunch, and dinner in any one day. The maximum that will be reimbursed for meals in one day is \$50, excluding gratuity. This sum can be split among meals as desired by the employee, and should be reduced accordingly for less than full business days. In the event that travel location or the nature of business conducted requires a higher meal limit, a larger reimbursement may be approved by the corresponding department head or the City Manager for department heads

Employees who, during the normal course of performing their duties, must provide meals for

11. representatives of other governmental agencies or other persons doing business with the City in order to

most effectively execute their responsibilities may be authorized reimbursement for expenses associated with such meals. The limitations detailed in the "Meals" section above will also apply to these meals. When requesting such reimbursement, the following documentation should be submitted in accordance with the procedures specified in Section XI. of this regulation:

- (1) A copy of the bill, or credit card receipt for the meal(s);
- (2) A description of the purpose of the meal(s), including an explanation of its necessity to the City; and
- (3) A list of all persons, including other City employees who were in attendance, specifying their organization and/or title.

Tips and Gratuities:

Reasonable expenses for tips are allowable for meals (as limited above), hotel, and transportation purposes.

Registration Fees:

Convention or meeting registration fees qualify for reimbursement. The City will pre-pay conference registrations prior to the date of the event. In cases where early registration is not possible, a receipt or registration form illustrating the fee amount must be provided with the reimbursement request.

Telephone, Telegraph and Fax:

Telephone, Telegraph, and fax expenses may be incurred only for the conduct of City business. One daily telephone call to an employee's family for a reasonable duration will be reimbursed by the City.

Miscellaneous:

All items of expense otherwise unclassified shall be considered in this category. Examples of such expenses which may be authorized are public stenographer fees, duplicating expenses, and the cost of publications of value to the City . Other expenses as necessary when traveling on City business may be allowed and should be included within this classification when requesting reimbursement. It is the policy of the City that no employee shall sustain personal monetary loss as a result of duties performed in the service of the City. However, all expenditures and requests for reimbursement shall logically relate to the conduct of City business and shall be necessary to accomplish the purposes of such business.

VII. AUTHORIZATION AND CONTROL POLICY FOR PROFESSIONAL MEMBERSHIPS, DUES AND SUBSCRIPTIONS

Memberships in Professional Organizations:

Employee memberships in professional organizations are appropriate City expenses . However, the Department Head, at his/her discretion must approve such memberships prior to submitting the application form or invoice for processing or a request for reimbursement. Memberships in organizations shall logically be related to the conduct of City business.

Subscriptions to Professional Literature:

Subscriptions to professional journals and magazines are considered appropriate expenses. Departments should avoid subscribing to multiple periodicals, which provide similar information. When at all practical , departments should avoid duplicating subscriptions already purchased by other departments.

Newspaper Subscriptions:

Expenses for a reasonable minimum number of subscriptions to newspapers such as the Press Telegram, the Los Angeles Times and the Wall Street Journal are considered appropriate for all City departments.

Professional Licenses & Registration:

Expenses incurred by employees for professional licenses and registrations such as engineers, architects, nurses, attorneys and others are not eligible for reimbursement. These costs should be borne by the individual employee due to the fact that these registrations are often a prerequisite for employment.

VIII. AUTHORIZATION AND CONTROL OF COSTS INCURRED FOR EMPLOYEE FUNCTIONS

Holiday-Related Activities:

The utilization of City monies to fund holiday related activities, (e.g., parties, Christmas cards) birthday parties or other office parties and related decorations is inappropriate. City funds may not be utilized to purchase these items.

Expenses Associated with Employee Retirement/Going-Away Functions:

Retirement or going-away functions for City employees and associated gifts, flowers, and cards are not appropriate expenditures. City monies should not be utilized to fund these activities.

Non-Profit Private Organization Luncheons:

Expenses incurred by an individual or department for attendance at a luncheon, benefit or event of such nature which is organized by a non-profit organization, and not directly related to City business or a City employee's responsibilities, shall not be considered an appropriate reimbursable expense. City monies should not be utilized for this purpose.

Professional Organizational Functions:

Expenses incurred in connection with attendance at professional organizational functions held in the Los Angeles area are considered appropriate. The employee must receive prior approval from the department head. A receipt illustrating the cost of the function should be submitted for reimbursement.

Miscellaneous Meals.

Expenses for meals not defined under Section VI. and VIII. Such as City awards luncheons and dinners, retirement luncheons, dinners, or receptions associated with service club meetings will not be authorized for reimbursement unless specifically approved by the City Manager.

IX. AUTHORIZATION AND CONTROL OF COSTS ASSOCIATED WITH PROVIDING REFRESHMENTS.

Coffee and Tea for Employees:

The utilization of City funds for the purchase of coffee, tea, and similar refreshment items for employees is inappropriate. Where desired, such items should be financed from employee supported funds for use in their own departments.

Refreshments for Visitors/Training Sessions:

Expenses incurred by a department for providing refreshments at meetings which involve many departments, outside guests, quarterly meetings, and events of this nature shall be reimbursable with City

funds. The event must be directly related to City business. Food and drink items provided at such events should promote good employee health.

When requesting such reimbursement, the following documentation should be submitted in accordance with the procedures specified in Section XI. of this regulation:

- (1) A copy of the receipt; and
- (2) A description of the event stating that the event was directly related to City business and a justification for the expenditure.

X. REQUIRED AUTHORIZATION FOR TRAVEL

It is the City's intent to minimize travel expenses without precluding participation of City officials at national or state conferences or meetings. The following guidelines shall govern authorization for travel:

A. City Manager Approval

The City Manager shall authorize all overnight travel by department heads, and shall authorize overnight trips for which more than one City employee is traveling to the same destination and function. To obtain approval the department head shall submit a written request , in advance of travel, which describes the purpose, destination, inclusive dates of the trip, and an estimate of expenses.

B. Department Head Approval

A Department Head may authorize out-of-state travel by an employee in his/her department. The limitations detailed in the "City Manager Approval" section above will apply to this approval process. To obtain such authorization, the employee shall submit a written request to the department head, in advance of travel, which describes the purpose, destination, inclusive dates of the trip, and an estimate of expenses.

XI. PROCEDURES FOR OBTAINING REIMBURSEMENT FOR APPROVED TRAVEL OR RELATED BUSINESS EXPENSES

A. Reimbursement for expenses incurred while traveling overnight in connection with City business shall be requested upon the completion of such travel in accordance with the following procedures:

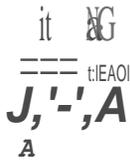
- (1) Part II of a Travel Request and Expense Report Form should be completed to reflect under Item 14 all expenses for each day in the various categories specified. The inclusive dates of travel should be entered at the top of each appropriate column. All appropriate signatures should be affixed to Items 9, 16, and 17.
- (2) Based on the report described in (1) above, a Direct Payment form for the total amount requested should be prepared, specifying the individual to whom the reimbursement check will be issued, the purpose of the functions attended, the location and the inclusive dates of travel.
- (3) The final copy of the Travel Request and Expense Report form should be attached to the Direct Payment form. All receipts, bills, lists of guests at meals and any other/detailed information which will explain the level of expenditure or other documentation required by Section V. Of this regulation should also be attached. These forms should be submitted to the Financial Management Department , Accounts Payable, within five (5) working days of the date when the expenses were incurred. A copy of these forms should be retained by the department for its own records.

B. Reimbursement of expenses incurred for meals, incidental travel, parking tips, etc., in

connection with travel on City business not involving overnight stays, away from the City and all

other authorized general business expenditures as described in this regulation shall be requested in accordance with the following procedures:

- (1) A Direct Payment form should be prepared specifying the individual to whom the reimbursement check will be issued, the nature and cost of the items for which reimbursement is requested, including information where appropriate on the functions attended, purpose of the functions or expenditures, names of individuals in attendance or participating and why the expenditure was necessary for City business (see Section V. of this regulation).
- (2) This Direct Payment form should be submitted to the Financial Management Department, Accounts Payable, as outlined in Section XI. A. (3) above.



Administrative Regulations



Number 23-4
Issue 7

Subject: PROCEDURES FOR AUTHORIZATION, ADVANCEMENT, REIMBURSEMENT, EXPENDITURES AND CONTROL OF IMPREST CASH FUND.

I. PURPOSE :

The purpose of this regulation is to establish uniform policies and procedures for the utilization of impress cash funds by City departments. Authorization, advancement, reimbursement, expenditure and control of impress cash funds for all departments shall be executed in accordance with the provisions of this regulation.

II. SCOPE:

This regulation is applicable to all City departments and offices responsible directly to the City Manager. It is also requested that elective offices and other independent offices and departments of the City comply with these procedures in the interest of administrative uniformity.

III. POLICY:

City Charter Section 804 and Municipal Code Section 3.20 are the legal basis for establishing impress cash funds, and state that the establishment of impress cash funds require advance approval by the City Auditor of the procedures, amount, and purpose of such funds_

The City Manager may authorize a fund amount in excess of the maximum amount per IV.B, and he may except certain departmental expenditures from the provisions and procedures of this administrative regulation, as long as such exceptions are not in contravention with the City Charter or Municipal Code.

IV. PROCEDURES - IMPREST FUND UTILIZATION AND CONTROL :

A. Responsibility:

Full financial and legal responsibility for each impress cash fund and the method by which it is utilized will rest with the department head who has requested its establishment in the department.

B. Amount:

The maximum amount of any impress cash fund in any department shall not exceed \$10,000. The various amounts of the impress cash funds in the departments are based on demonstrated need and frequency of use. Departments may request the establishment of or adjustments to, the amount of such funds from the Financial Management Department. All adjustments, as well as the location of the various impress cash funds, are to be approved by the Financial Management Department.

C. Maximum Expenditure:

The maximum expenditure for any materials, supplies, advancements, reimbursements or other purchases shall not exceed \$1,000 per transaction.

PROCEDURES FOR AUTHORIZATION, ADVANCEMENT,
REIMBURSEMENT, EXPENDITURES AND CONTROL OF
IMPREST CASH FUND.

D. Establishment and Safeguarding of Imprest Checking Accounts:

1. All imprest checking accounts shall be with the bank designated by the City Treasurer/Revenue Officer.
2. The checks used shall be printed by the bank and contain the statement "Not Good for Over \$1,000" in a prominent place on the face of the check.
3. Fund custodians shall keep all unused checks locked up to safeguard them from unauthorized use.
4. All checking accounts must include the City Treasurer and City Auditor as signators.

E. Authorized Transactions for Imprest Funds:

1. Purchasing, advancing or reimbursing the purchase of any materials, supplies, services or equipment which are not contracted for by Purchasing on a departmental Purchase Order.
2. Processing Senior Citizen Utility Users Tax Refunds pursuant to Section 3.68.080 of the Municipal Code.
3. Reimbursing actual out-of-pocket personal expenditures when incurred on City business for the benefit of the City, but not involving overnight stays or travel outside the Los Angeles/Orange County area. Meals, however, are limited to a maximum of \$25 per person including tips, but excluding alcoholic beverages which are not reimbursable. One person may be reimbursed for all persons attending. See Administrative Regulation 4-1 for authorized business-related expenses and procedures for reimbursement for travel outside the area and/or overnight stays.
4. Books, subscriptions, memberships, and registrations.
5. Reimbursing emergency expenditures.
6. Refunds, including jury duty mileage, less than \$500. (Refunds of \$500 or more must be approved by City Attorney).
7. Delivery charges not associated with a Purchase Order.

All purchases must be approved by an authorized person in the Department whose signature is on file with Financial Management and the Auditor's Office. Non-emergency expenditures should show evidence of prior approval or related to previously approved events or travel. Departments should use the Imprest Cash Fund Voucher slips obtained through Central Stores for all expenditures. Emergency purchases must be explained. All purchases must be supported by accurate documentation, such as cash register receipts or a paid copy of an Invoice. Receipts will not be required for expenditures where receipts are impractical or usually not given, such as taxi or bus fares, tips, etc. Handwritten notations for these will be sufficient documentation.

F. Items NOT Authorized for Purchase With Imprest Cash Funds:

1. Items exceeding \$1,000.
2. Central Stores merchandise.
3. Items for which the department, bureau or division making the purchase has an outstanding purchase order.
4. Federal Excise Taxes (the City is exempt).
5. Cashing of personal checks.

PROCEDURES FOR AUTHORIZATION, ADVANCEMENT,
REIMBURSEMENT, EXPENDITURES AND CONTROL OF
IMPREST CASH FUND.

6. Any reimbursement for personal use which is not directly related to the performance of City-related business. This includes purchases for employee amenities such as food, beverages and supplies which should be paid out of employee funds.
 7. Any expenditure not considered by the City Manager to be necessary to the daily operations or functional requirements of a department.
 8. Personal business expenses with charges for meals in excess of \$25 per person including tips. Requests for reimbursement of such expenses shall be documented and processed in accordance with Administrative Regulation 4-1.
 9. Freight charges associated with a Purchase Order.
 10. Personal services agreements.
 11. Office and other machinery, equipment or furniture normally tracked on the City's Fixed Assets System.
 12. Maintenance, Service or Rental Agreements.
 14. Computer hardware and software materials, services and equipment.
- Purchases for the above types of items will not be reimbursed. A department's imprest cash fund replenishment will be reduced by the amount of the unauthorized transactions. Circumstances where employees incur unauthorized expenses out of their own pockets will not be an exception.

G. Budget Control:

All expenditures will be charged to appropriate department object accounts at the time a department's receipts are submitted for reimbursement to its imprest cash fund.

H. Imprest Cash Fund Reimbursement and Control Procedures:

When a departmental imprest cash fund is either partially or totally depleted, the department may submit a Request for Direct Payment, together with all associated supporting documentation including invoices, bills or receipts for reimbursement to the Financial Management Department, Accounts Payable Section.

This Direct Payment form is to include the following language at the top of the item description space:

"Reimbursement - Imprest Cash Funds"

All expenditures, commodity descriptions, and quantities purchased are to be listed in detail on the Direct Payment form. Appropriate expenditure organization codes and object codes for each expenditure are to be listed in the voucher section of the Direct Payment form. Line "O" under "Description for Check Stubs" should indicate an abbreviated department name (and division if applicable) and the words "Reimbursement Imprest Cash". The Direct Payment must indicate that the check reimbursing the imprest cash fund will be made payable to the department head. All signatures must be in accordance with the requirements for authorized signatures as set forth in AR 23-1.

Exhibit A attached to this Regulation details the format required when processing a Direct Payment for imprest cash fund reimbursement.

I. Designation of Departmental Imprest Fund Custodian(s):

All department heads having requested imprest cash funds will designate, upon establishment of such funds, in lieu of themselves, a departmental custodian(s) whose responsibility it shall be to operate, control and maintain records of all imprest fund transactions. The department head will establish the appropriate location and security measures for the imprest fund in their department

PROCEDURES FOR AUTHORIZATION, ADVANCEMENT,
REIMBURSEMENT , EXPENDITURES AND CONTROL OF
IMPREST CASH FUND.

A list of authorized departmental imprest fund custodian(s) is to be submitted at the beginning of each fiscal year by each department head to the Financial Management Department. Only the authorized departmental custodian(s) or the department head shall be permitted to transact imprest cash fund business. Changes in the designation of the department imprest fund custodian(s) shall be recorded with the Financial Management Department, as they occur throughout the fiscal year.

J. Procedure for Advancing Imprest Cash Funds for Expenditure:

In situations where imprest cash funds are to be advanced to an individual(s) for specific expenditures, the following procedures shall be utilized in the following cases:

- (1) The individual(s) shall request an Imprest Cash Fund Voucher from the imprest cash fund custodian. The form shall be completed to include the individual's name, department, division, a description of the anticipated use of the funds being advanced and estimated cost. The individual receiving the advancement must sign the Imprest Cash Fund Voucher. An example of the Imprest Cash Fund Voucher is attached to this regulation as Exhibit B.
- (2) The custodian shall exchange the cash advancement for the voucher. The advancement must equal the estimated cost of the transaction(s) as indicated by the requesting individual on the voucher form.
- (3) It is the responsibility of the imprest cash fund custodian to ensure that all information on the Imprest Cash Fund Voucher and the individual's signature is properly completed.
- (4) The custodian will place the completed voucher with the balance of the entire departmental imprest cash fund. The imprest cash fund must at all times include available cash, paid receipts or explanations of expenditures, and/or Imprest Cash Fund Vouchers, the total of which is exactly equal to the total amount authorized for the department's imprest cash fund. The following is an example of the records of a fund as directed above:

Total Departmental Imprest Cash Fund - \$500 Expenditures, Advancements, Reimbursements :

Cash	\$ 275
Handwritten Expenditures	210
Receipts Outstanding	10
Outstanding Vouchers	5
TOTAL	\$ 500

Attachment 2 - Kindel Gagan Contracting Documents

City of Long Beach
Purchasing Division
333 W Ocean Blvd/7th Floor
Long Beach CA 90802

PURCHASING REQUEST FORM

TYPE OF REQUEST: [] BPO PO ITB RFP ETP

DEPARTMENT INFORMATION

DATE: 03/01/2016 ATTN BUYER: Mireille Hernandez
REQUESTOR: Kori Grylls PHONE: 8-6751
DEPT CODE (ex. FMB1D): AU FUND: AU100 COMMODITY CODE(S): 918-04
DESCRIPTION: Monitor, analyze and report on CalPERS & other retirement legislation; budget documents and financial reports and policies that may impact the City or its employees.
JUSTIFICATION:
PURPOSE/USE:

ATTACHMENTS (check appropriate): CMAF EXCEPTION TO POLICY BID SPECS CONTRACT COUNCIL LETTER
PROFESSIONAL SVCS PCKG APPR'VD CERT OF INSURANCE INSURANCE WAIVER

VENDOR INFORMATION

NAME: Kindel Gagan NUMBER: 213 4-1550 V os n.ATi?
DBA: Kingel Gagan CONTACT: Michael Gagan
ADDRESS: 550 South Hope Street, Suite 530 Los Angeles, CA 90071 EMAIL:
PHONE: 213-624-1550 FAX: 213-688-1550 CONTRACT #:

BID OR RFP(Q)

PRE-BID MEETING: Yes No MANDATORY: Yes No ESTIMATED BID VALUE:
DATE/TIME: DEPT CONTACT: PHONE:
LOCATION:
REQUISITION #: Q & A: Yes No DAYS NEEDED TO RESPOND:
INDEX CODE: GRANT: Yes No DATE SAM.GOV CHECKED:

NEW REQUEST

REQ #: CONTRACT #: TERM: 01/01/2016 to: 12/31/2017
AMOUNT: \$136,800 RENEWAL OPTIONS #: NONE ONE TWO

RENEWAL REQUEST

BPO/PO #: NEW TERM: to: RENEWAL OPTION: ONE TWO
ORIGINAL AMOUNT: ADDING AMOUNT: NEW TOTAL:

CHANGE ORDER REQUEST

BPO/PO #: EXTEND DATE TO: ADD COMMODITY CODE(S):
ORIGINAL AMOUNT: ADDING AMOUNT: NEW TOTAL:
TRANSFER FUNDS ON BPO: FROM BPO#: TO BPO#:
REASON:

DATE RECEIVED: 3/1/16 CMAF #: ETP #: BPO/PO/CO #: BPA -2-
ITB/RFP/PA #: k) I BUYER INITIALS: -pair S DATE PROCESSED: 3/2 j / U



City of Long Beach
 City Purchasing Agent
 J33 W. Ocean Blvd.17th Floor
 Long Beach, CA 90802

PURCHASE ORDER

BPO ID: ' sPA 600 0002

PRINT DATE: 03/03/2016

PAGE: 01

 ORIGINAL

0<ruoE1 A --;- Nc--

550 SHOPE ST, STE 530
 LOS ANGELES

CA 90071

SHIP TO:
 AS SPECIFIED ON INDIVIDUAL ORDERS

PLEASE REFER ALL QUESTIONS
 CONCERNING THIS ORDER TO:
 PURCHASING
 TEL: (562) 570-5384

ITS ID	EXPR DATE	F.O.B. POINT	DISCOUNT TERMS	CONTRACT AMOUNT
	12/31/2017	DESTINATION	NET 30	136,800.00

TERMS:

CONTRACT PURCHASE ORDER FOR PROVIDING PROFESSIONAL SERVICES FOR
 MONITORING, ANALYSIS AND REPORTING ON CALPERS & OTHER RETIREMENT
 LEGISLATION, BUDGET DOCUMENTS AND OTHER FINANCIAL ANALYSIS FOR THE
 CITY OF LONG BEACH IN ACCORDANCE WITH AGREEMENT ON FILE DATED
 12/21/15.

CONTRACT TERM: 01/01/2016 TO 12/31/2017.

AMOUNT: \$136,800.

 ITEM COMMODITY ID U/M UNIT COST

 -00 1 918-04
 ----- END OF ITEM LIST-----



City of Long Beach
 City Purchasing Agent
 333 W. Ocean Blvd.17th Floor
 Long Beach, CA 90802

PURCHASE ORDER

BPO ID: BPAU16000002

PRINT DATE: 03/03/2016

PAGE: 02

ORIGINAL

THIS BLANKET PURCHASE ORDER IS BEING SENT TO YOU FOR YOUR FILES. EACH DEPT THAT USES THE BPO WILL CREATE THEIR OWN PO RELEASE AGAINST THE BPO. PO RELEASE WILL BE SENT TO YOU EITHER VIA US MAIL OR FAX. THE CITY PURCHASING AGENT'S SIGNATURE WILL NOT APPEAR ON THE RELEASE; AN AUTHORIZED PERSON IN THAT DEPT WILL SIGN THE RELEASE. SHIPMENT OR SERVICE SHALL BE MADE AGAINST THE RELEASE PO NUMBER.

 THIS BPO NUMBER SHOULD NOT BE USED ON THE INVOICE. ONLY THE PO NUMBER PROVIDED BY THE USING DEPARTMENT SHOULD BE USED. FAILURE TO OBTAIN THE PO NUMBER AND PROVIDE THAT NUMBER TO THE CITY ON ALL INVOICES WILL RESULT IN DELAYS IN PAYMENT.

 THE GENERAL CONDITIONS ARE HEREBY INCORPORATED BY REFERENCE.

 QUESTIONS REGARDING THIS BLANKET PURCHASE ORDER SHOULD BE DIRECTED TO THE BUYER AS SHOWN ON THE BPO.

ISSUANCE OF THE PURCHASE ORDER BY THE CITY CONSTITUTES ACCEPTANCE OF SUPPLIER'S OFFER ON THE TERMS AND CONDITIONS STATED HEREIN AND IN ANY ADDENDUM HERETO.

TOTAL ESTIMATED EXPENDITURES (CONTRACT AMOUNT) ARE NOTED HEREIN. THE CONTRACT AMOUNT SHALL NOT BE EXCEEDED, INCLUDING TAX, WITHOUT WRITTEN AUTHORIZATION.

PRICES SHALL BE IN ACCORDANCE WITH THOSE EXTENDED TO OTHER GOVERNMENTAL AGENCIES. APPLICABLE STATE AND COUNTY SALES TAX WILL BE ADDED TO INVOICE.

THIS PURCHASE ORDER AMOUNT IS ONLY AN ESTIMATE. THE CITY NEITHER WARRANTS NOR GUARANTEES THAT THE TOTAL PURCHASE ORDER AMOUNT WILL BE REACHED.

AUTHORIZED SIGNATURE:

DATE: - 3 - 3-201,

***** LAST PAGE*****

ATT for 5384

PCHL2342 V5.1 ***** CITY OF LONG BEACH ADPICS ***** 03/02/2016
LINK TO: BLANKET PURCHASE ORDER WRITING 11:59 AM

BPO/CONTRACT ID BPAUr600000r_1 ACTION IND N COPY TYPE: (B/R)
PURCHASING TYPE LB INTERFACE TYPE BP PRINT N (Y/N)
CONTRACT AMOUNT 136,800.00 TERMS IND Y NOTE PAD Y (Y/N)
REMAINING VALUE
EFFECTIVE DATE 01/01/2016 ITB ID AWARD:
EXPIRATION DATE 12/31/2017 F.O.B. POINT DEST STATUS: NOPT
INSURANCE CERT N DISCOUNT TERMS NET30 AUTO TL: N
CHANGE NO MULTIPLE SCHED N BPO IND
BPO TITLE CALPERS MONITORING & FINANCIAL ANALYSIS CREATE 03/02/2016
DEPARTMENT AU CITY AUDITOR UPDATE 03/02/2016
BUYER 5384 PURCHASING POST
VENDOR/SUFFIX V053125 / 01 IS IND EL N-J, T t5:~:~:~

ATTN-1:
ATTN-2:
ATTN-3:
STREET: 550 SHOPE ST, STE 530
CITY: LOS ANGELES ST: CA ZIP: 90071 CTRY: USA
PHONE : 213-624-1550 CONTRACT/SPEC
F1-HELP F2-SELECT F3-DELETE F4-PRIOR F5-NEXT F6-VIEW DOC
F7-DEPT SEC FB-SEL TERMS F9-LINK F10-SAVE F11-OTH KEY F12-PRINT
G112 - INQUIRY SUCCESSFUL

3/2/16

POSTED
3/2/16



Long Beach City Auditor's Office

Agreement with Kindel Gagan

AGREEMENT FOR CONSULTANT SERVICES

ASSIGNMENT

This AGREEMENT Is made and entered by and between Kindel Gagan (Consultant) and the Long Beach City Auditor's Office (Office).

SCOPE OF SERVICES

Consultant shall perform the services Identified in Attachment A.

FEE AND PAYMENT

As compensation for its services, the Office agrees to pay Consultant a monthly retainer in the amount of \$5,600.00 (five thousand, six-hundred dollars). Invoices for payment shall be submitted by Consultant within 15 days following the end of each month and Office will pay Consultant within 45 days of receipt of invoice. At no time during the term of this Agreement shall compensation to Consultant be increased.

TERM

The term of this Agreement shall begin on January 1, 2016 and shall end on December 31, 2017.

ASSIGNMENT AND SUBCONTRACTING

This Agreement contemplates the personal services of the Consultant and the parties acknowledge that a substantial inducement to the Office for entering into this Agreement was and is the professional reputation and competence of the Consultant. Consultant shall not assign its rights or delegate its duties under this Agreement without the prior approval of the Office.

CONFLICT OF INTEREST

Consultant, by executing this Agreement, certifies that, at the time Consultant executes this Agreement and for its duration, Consultant does not and will not have any interests, as defined by the American Institute of Certified Public Accountants, which would in any manner affect Consultant's independence with respect to this agreement.

CANCELLATION OR TERMINATION

This Agreement will terminate on December 31, 2017 unless the Office agrees to enter into a six-month extension through June 30, 2018. If the Office elects to initiate a six-month extension, the Office will provide notice to the Consultant no later than November 30, 2017

Either party shall have the right to terminate this Agreement for any reason or no reason at any time by giving thirty (30) calendar days prior notice to the other party. In the event of termination, the City shall pay Consultant for services satisfactorily performed and costs incurred up to the effective date of termination for which Consultant has not been previously paid.

CONFIDENTIALITY

Consultant shall keep all data and all information, including any correspondence, records, contracts, grants and enterprise activities of the City confidential during the term of this Agreement and thereafter. Other than the reports submitted to the Office, or as required by law or legal process, Consultant shall not publish, reproduce or otherwise divulge such information in whole

or in part, in any manner or form or authorize or permit others to do so. Consultant shall promptly notify the Office in writing if Consultant determines or has reason to suspect a breach hereof.

INSURANCE

The City of Long Beach has standard insurance requirements that require the Consultant obtain and maintain at its expense the following minimum insurance requirements :

- Commercial General Liability in an amount not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate.
- Commercial Automobile Liability in an amount not less than \$500,000 combined single limit per accident per bodily Injury and property damage.
- Professional Liability or Errors and Omissions Liability In an amount not less than \$1,000,000 per occurrence or claim.
- Workers' Compensation and Employer's Liability, as required by the California Labor Code, in an amount not less than \$1,000,000 per accident. unless the Consultant is not subject to the State's Workers' Compensation laws.

Detailed requirements on indemnification and insurance coverage will be provided to the Consultant. Certificates of insurance must be furnished to the City prior to beginning work.

The parties duly **execute** this Agreement on 11/14/15

Consultant:

Signature: _____

Print Name: _____

Date: 11/14/15

The City of Long Beach:
Long Beach City Auditor's Office
333 West Ocean Boulevard, 8th Floor
Long Beach, CA 90802

Signature: Lana L. Roud

Print Name: Lana L. Roud

Date: 11/14/15

KINDEL GAGAN

December 17, 2015

Hon. Laura L. Doud
Auditor, City of Long Beach
333 W. Ocean Blvd., 8th Floor
Long Beach, CA 90802

Proposal to Perform Consultant Services

Dear Ms. Doud:

Kindel Gagan is pleased to submit this proposal to provide specified services to the Office of the Long Beach City Auditor. The proposed services include :

1. Monitoring and analyzing the City's budget and finance documents, including quarterly financial reports and financial policies that may bear on the financial condition of the City, opportunities for cost savings, revenue increases and opportunities for audit.
2. Reviewing proposed and adopted City employee collective bargaining agreements to assess financial impacts, especially with respect to retiree pension costs;
3. Monitoring CalPERS and reporting on:
 - a. Actions of the CalPERS Board of Administration that may impact City and employee contributions to the pension system; and
 - b. Actions of the CalPERS Board of Administration that may impact OPEB options and costs of the City and its retirees.
4. Monitoring and reporting on pension and OPEB developments that may affect the City, its employees and retirees. Those developments include actions of other jurisdictions, state legislation, state and local collective bargaining agreements and initiative measures.
5. Providing other services as directed by the Office to support the scope of services outlined above.

Tenn and Fees

Kindel Gagan proposes a term commencing January 1, 2016 and ending December 31, 2017, with a City Auditor option to extend the term six months, through June 30, 2018. As compensation for the performance of the above services, Kindel Gagan proposes a monthly retainer in the amount of \$5,600.00.

550 South Hope Street, Suite 530, Los Angeles, California, 90071
213-624-1550 / 213-688-1550 (tax)
www.kindelgagan.com

Hon. Laura L. Doud
December 17, 2015
Page Two

Michael Gagan of Kindel Gagan will be responsible for the performance of the specified services. Should you have questions or need additional information, please let me know.

Sincerely,

nt,, '-14 b'd'..--

Michael S. Gagan

550 South Hope Street, Suite 530, Los Angeles, California, 90071
213-624-1550 / 213-688-1550 (fax)
www.kindelgagan.com

ATTACHMENT A

SCOPE OF SERVICES

Pursuant to the Agreement, Consultant will perform the following services for the Office:

1. Monitor and analyze the City's budget and finance documents, including quarterly financial reports and financial policies that may bear on the financial condition of the City, opportunities for cost savings, revenue increases and opportunities for audit.
2. Review proposed and adopted City employee collective bargaining agreements to assess financial impacts, especially with respect to retiree pension costs;
3. Monitor CalPERS and report on:
 - a. Actions of the CalPERS Board of Administration that may impact City and employee contributions to the pension system; and
 - b. Actions of the CalPERS Board of Administration that may impact OPEB options and costs of the City and its retirees.
4. Monitor and report on pension and OPEB developments that may affect the City, its employees and retirees. Those developments include actions of other jurisdictions, state legislation, state and local collective bargaining agreements and initiative measures.
5. Provide other services as directed by the Office to support the scope of services outlined above.

Michael Gagan of Kindel Gagan is uniquely qualified to perform the scope of services assigned to him by the City Auditor. Few public policy consultants anywhere have the expertise that comes from service as a Chief Deputy Treasurer of the State of California and as a member of the Board of the California Public Employees' Retirement system. The public finance, financing and budgeting skills obtained in those capacities is complemented by multiple functions performed for numerous public agencies, including the California State Legislature, the County of Los Angeles, the Metropolitan Transportation Authority of Southern California, the City of Los Angeles Bureau of Sanitation, the Alameda Corridor Southeast Cities Coalition and numerous public water districts and municipalities. His knowledge of how public jurisdictions and agencies work is exceptional and the application of his skill sets to the assignments of the City Auditor is invaluable to the Auditor and the City.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

CONTRACT

Fiscal Year: 2016

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES, SHIPPING DOCUMENTS AND CORRESPONDENCE.

Contract #	3161400002
Department	AU AUDITOR
Type	1. DEPARTMENTAL
Bonds in Lieu	N

V E N D O R	KINDEL GAGAN, INC 550 S HOPE ST, STE 530 LOS ANGELES, CA 90071
----------------------------	--

B I L L T O	CITY AUDITOR CITY OF LONG BEACH 411 W OCEAN BLVD 8TH FLR LONG BEACH, CA 90802 Phone: 5625706751 Email:AU-ACCTSPAY@LONGBEACH.GOV
----------------------------	--

S H I P T O	CITY AUDITOR CITY OF LONG BEACH 411 W OCEAN BLVD 8TH FLR LONG BEACH, CA 90802 Phone: 5625706751 Email:AU-ACCTSPAY@LONGBEACH.GOV
----------------------------	--

Effective Date	Expiration Date	City Reference Number	Vendor Phone Number
01/01/2016	12/31/2017		213-624-1550
Department		Administrator	Administrator's Phone Number
AU AUDITOR			

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
	CALPERS MONITORING & FINANCIAL ANALYSIS				
	2019			\$136,800.00	
	2019			\$0.00	
	2020			\$0.00	
	2020			\$0.00	

CHANGE ORDER

Total Revised	\$136,800.00
Total Original	\$136,800.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
 11. All license fees for City's use of patented or copyrighted items for items furnished under this Purchase Order shall be included in the Purchase Order price.
 12. In cases where a price subject to escalation has been agreed upon, all claims for such price escalation must be received by City within sixty (60) days after date of final shipment. The price escalation shall be shown as a separate item on the invoice. Unless an escalator clause has been shown as a specific part of this Purchase Order, Supplier shall not be entitled to reimbursement for costs incurred due to escalation.
 13. All items or services provided under this Purchase Order shall comply with the Safety Orders and Regulations of the California Division of Industrial Safety, Title 8, California Code of Regulations (CAL/OSHA) and all applicable OSHA regulations as well as all other applicable sections of the California Code of Regulations. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents from any loss, claim, cause of action, liability, cost or expense, including but not limited to fines, penalties, corrective measures, and attorney's fees, City may sustain by reason of Supplier's failure to comply.
 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
 16. City's remedies herein are cumulative and additional to any other remedies at law or in equity. The waiver of any breach of this Purchase Order shall not be deemed a waiver of any other or subsequent breach. City's failure to object to provisions contained in any communication from Supplier shall not be deemed an acceptance of such provisions or a waiver of the provisions of this Purchase Order.
 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
 18. Any indebtedness of Supplier to City may, at the City's option, be credited against amounts owing by City hereunder.
 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. COMPREHENSIVE GENERAL LIABILITY: minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. AUTOMOBILE LIABILITY: minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. WORKERS COMPENSATION: As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.

October 6, 2006

Scope of Services

1. Monitor CalPERS and report at least quarterly on
 - a. general investment performance, costs and portfolio allocation;
 - b. actions of the CalPERS Board of Administration that may impact City and employee contributions to the CalPERS system; and
 - c. actions of the CalPERS Board of Administration that may impact health care options and costs of City employees.
2. Monitor, analyse and regularly report on CalPERS and other retirement legislation that may impact the interests of the City or its employees. As applicable, work with the City's actuary to model the financial impacts of proposed legislation.
3. Work with the CEO of CalPERS and CalPERS Board members if necessary to obtain City of Long Beach AB 1321 quarterly reports detailing:
 - a. all contributions made to PERS by the City and its employees;
 - b. all payments by CalPERS to City of Long Beach retirees and surviving beneficiaries;
 - c. the dollar value of adjustments to "the Long Beach account";
 - d. the City of Long Beach quarterly share of CalPERS' administrative costs that will be assessed at the end of the fiscal year;
 - e. the system's rate of return for the quarter as reported to the Investment Committee; and
 - f. the estimated interest applied to the City of Long Beach account.
4. Explore with CalPERS officials the feasibility of the assumption by CalPERS of the assets and liabilities of the Long Beach Police and Fire Retirement System.
5. As appropriate to the performance of these assignments, meet with CalPERS officials and attend meetings of the CalPERS Board of Administration and its committees as well as meetings of relevant legislative committees.

theglobalconsultinggroup

STRATEGIC COMMUNICATIONS
FINANCIAL - CORPORATE - PUBLIC AFFAIRS

October 30, 2007

GCG Rose & Kindel
Scope of Services for
City of Long Beach City Auditor

GCG Rose & Kindel will perform the following services for the City Auditor:

1. Monitor CalPERS and report on:
 - a. actions of the CalPERS Board of Administration that may impact City and employee contributions to the CalPERS pension system; and
 - b. actions of the CalPERS Board of Administration that may impact OPEB options and costs of the City and its retirees, especially as those actions relate to the implementation of AB 554.
2. Monitor pension and OPEB developments that may affect the City, its employees and retirees. Those developments include actions in other jurisdictions, legislation as well as an initiative measure that may appear on a statewide ballot next year.
3. Monitor and analyze the City's budget and budget documents, including quarterly financial reports and financial policies that may bear on the financial condition of the City, opportunities for cost savings and opportunities for audit.
4. Advise and assist the Auditor with respect to written public materials, including final audit reports and public presentations.

New York Chicago Los Angeles Sacramento London Madrid Tel Aviv

GCG Rose & Kindel 900 Wilshire Blvd., Ste. 1030, Los Angeles, CA 90017

Tel: (213) 624-1030 Fax: (213) 624-0022

www.rosekindel.com

Scope of Services
October 30, 2007
Page Two

Provide other services as directed by the Auditor to support the scope of duties outlined above.

Fees

GCG Rose & Kindel will charge a retainer of \$6,000.00 per month as compensation for the services outlined in the scope. Additionally, GCG Rose & Kindel will be reimbursed for any reasonable and necessary expenses incurred in the performance of the services.

November 10, 2009

Rose & Kindel
Scope of Services for
City of Long Beach City Auditor

Rose & Kindel will perform the following services for the City Auditor:

1. Monitor CalPERS and report on:
 - a. actions of the CalPERS Board of Administration that may impact City and employee contributions to the CalPERS pension system; and
 - b. actions of the CalPERS Board of Administration that may impact OPEB options and costs of the City and its retirees, especially as those actions relate to the implementation of AB 554.
2. Monitor pension and OPEB developments that may affect the City, its employees and retirees. Those developments include actions in other jurisdictions, legislation as well as an initiative measure that may appear on a statewide ballot next year.
3. Monitor and analyze the City's budget and budget documents, including quarterly financial reports and financial policies that may bear on the financial condition of the City, opportunities for cost savings or revenue increases and opportunities for audit.
4. Advise and assist the Auditor with respect to written public materials, including final audit reports and public presentations.

Scope of Services
November 10, 2009
Page Two

Provide other services as directed by the Auditor to support the scope of duties outlined above.

Fees

Rose & Kindel will charge a retainer of \$5,700.00 per month as compensation for the services outlined in the scope. Additionally, Rose & Kindel will be reimbursed for any reasonable and necessary expenses incurred in the performance of the service.

Attachment 3 - Email Regarding Contracting

1111

Sent: Michael Gagan <mgagan@kindelgagan.com>
Thursday , December 10, 2015 10:44 AM
To: Laura Doud
Subject: RE: Updated contract

Okie dokie!

From: Laura Doud [mailto:Laura.Doud@longbeach.gov]
Sent: Thursday, December 10, 2015 10:42 AM
To: Michael Gagan <mgagan@kindelgagan.com>
Subject: Re: Updated contract

I'll call in about five minutes

Sent from my iPhone

On Dec 9, 2015, at 3:55 PM, "Michael Gagan" <mgagan@kindelgagan.com> wrote :

Yes, indeed!

From: Laura Doud [<mailto:Laura.Doud@longbeach.gov>]
Sent: Wednesday, December 09, 2015 3:47 PM
To: Michael Gagan <mgagan@kindelgagan.com>
Subject: Re: Updated contract

Great - thank you!

Yes, I have mandatory sexual harassment training from 8:30 to 10:30 am. Can I call you around 10:40?

Sent from my iPhone

On Dec 9, 2015, at 3:40 PM, "Michael Gagan" <mgagan@kindelgagan.com> wrote:

Hi Laura:

I will happily work on this and thank you!

I am just about back to 100% in the strength department. Energy is already there and I feel good about everything except USC's loss to Stanford.

Do you have time to talk tomorrow re the issue you described in our last call?

Michael

From: Laura Doud [<mailto:Laura.Doud@longbeach.gov>]
Sent: Wednesday, December 09, 2015 3:24 PM
To: Michael Gagan <mgagan@kindelgagan.com>
Subject: Updated contract

Hi Michael,

I hope you are doing well and feeling stronger and stronger every day. And most importantly, I hope you're back out there doing what you love!

I know a few months ago, I requested and you submitted a Scope of Work and a Statement of Justification to me to use for why this contract we have together was not bid out. I appreciate you sending this information to me as it was good to have on file while we were being audited.

At this time, I need a little more information if you would be so kind to help me. Over the past eight months, our office has reviewed six different City contracts and we are currently reviewing four more. We will be combining all ten contract audits into one report, and we will then issue as one report instead of ten different ones. We anticipate issuing this report in either February or March 2016.

One of our findings in the audit is that the City is allowing departments to pay contracts by direct payments when it should be set up as a PO (i.e. over \$2Sk per year). I need to make sure that I don't issue a recommendation in our audit report for something that I am not doing myself.

I have most of the information from you that I need to set up a PO, but there are a couple of things I still need.

Essentially, I need an updated contract with the following information included and wanted to see if you could assist me in adding the language we need to the attached template. Also, if you will please review the attached template and verify that you are ok with the language, I would appreciate it. Please let me know if you have any suggested changes.

The information/language that needs to be added to the template is:

- A specified term in the contract. Unfortunately, I cannot have an open-ended contract, and I cannot have the term of the contract exceed my current term which is June 2018.
- Fees and Payment -I need to specify how we are paying you - i.e., a retainer. My assistant advised me that we should address any stipulations for work that may be outside the retainer or amount of services that would exceed the retainer. She also advised me that City contracts normally address limits of contract price increases over the term, i.e. up to 5%, etc. The clause under Fees and Payment should also include timing of payment, i.e. within 15 days of month end and also our commitment to pay within a set time, such as 30-60 days.

Do you have access to some standard contract language that addresses these items?

Also, I have attached a copy of the Scope of Work you submitted to me last May. I need to attach to our revised contract a Proposal with pricing that

matches the Scope of Work (that will also be attached) that also matches the term - through June 2018.

I hope this makes sense. Please feel free to call me any time if you have concerns or questions or if I missed anything.

Whenever your schedule allows for you to help me with this would be great!

Thank you so much!

Laura

<image001.png>

CityAuditorLauraDoud.com

<image003 .png><image00S.jpg><image007.png><image009.png>Connect **with** us!

<image014.png>

Attachment 4 - Kindel Gagan Work Product - CalPERS

1111

Sent:

Michael Gagan <mgagan@rosekindel.com>

To:

Friday, March 20, 2009 5:17 PM

Subject:

Laura Doud

Attachments:

LB Auditor CalPERS savings description .doc

LB Auditor CalPERS savings description.doc

Excellent analysis...the value of your decision not to prefund is HUGE! Just a couple of red-line changes to recommend...

Safeguarding our Pensions: An Analysis of FY09 CalPERS Funding Decision

Description of the Decision

Every year the City pays into CalPERS to fund pensions for City employees. One part of the contribution is called the "employer" contribution, and the amount of this contribution varies every year as determined by CalPERS actuaries. Many factors, including market performance, affect this contribution, which is based on a percentage of payroll for covered employees.

CalPERS allows participating agencies to fund their employer contributions in one of two ways: throughout the year, as periodic payments matching the City's biweekly payroll periods; or by making a lump sum payment for the City's fiscal year early in October ("prefunding").

The decision facing the City in October 2008 for FY09 was: should we continue to pay the employer contribution throughout the year to CalPERS, as we have historically done, or should we make a lump sum payment?

Role of the City Auditor's Office

Under Charter Section 804, the City Auditor reviews all City payments, including wire transfers. In accordance with this responsibility, our Office inquired as to these pension payments. We asked what accounting rule CalPERS would use to credit our investments, knowing that this information had been made critical by recent dramatic stock losses. When the accounting rule confirmed our concerns, the Office advised against the prefunding plan, and management agreed with this recommendation.

Typical Considerations for Prefunding Decision

All City money invested in CalPERS, including those funds already invested and those funds invested during the current fiscal year, gain or lose value according to the overall performance of CalPERS. While CalPERS assumes a 7.75% investment return for actuarial purposes, actual performance can vary widely from year to year.

By prefunding, an agency is making its contribution ahead of time (~~throughout the year~~ instead of in biweekly installments throughout the year), and thus its funds are invested in the CalPERS portfolio for a longer period of time. Because CalPERS assumes an annual investment return of 7.75% on average, it reduces the amount of the City's annual contribution to reflect its assumption that this contribution will grow more by being invested for a longer period of time. For example, for FY09 CalPERS stated that the annual contribution for miscellaneous employees would be \$26,038,979 if made throughout the year, or \$25,085,070 if prefunded at the beginning of the year.

Long Beach is Not a "Typical" City, and FY09 is Not a Typical Year

Virtually all jurisdictions in the CalPERS plan share the same fiscal year as CalPERS (July-June), and they are requested to make this decision at the beginning of their fiscal year. However, Long Beach is one of only a few cities to have a different fiscal year (October-September). For Long Beach, we are asked to make our prefunding decision at the beginning of our year, in October, which is already several months into the fiscal year for CalPERS.

Additionally, July 2008-June 2009 is shaping up to be one of the worst years for the stock market (and for CalPERS's portfolio) since the Great Depression. While performance cannot be known with certainty until after the end of the fiscal year, at the time of this decision CalPERS's portfolio had fallen dramatically since July 2008.

Discovery of Key Accounting Rule

All participating agencies, including Long Beach, share in the investment gains or losses of CalPERS. CalPERS measures the investment return percentage based on its overall performance in its fiscal year (July- June), and credits different agencies accordingly. Therefore, **even though Long Beach's fiscal year does not start until October, we are credited with the investment return percentage for the entire portfolio for the fiscal year starting in July.** However, **we are only credited for the time our money is actually in the CalPERS portfolio.**

Normally, a key rule of stock market investing is that you cannot know how your money will perform prior to investing. However, because of Long Beach's later fiscal year, the City effectively shares the return from July 2008 to July 2009 for funds contributed in October 2008-*after the start of the CalPERS investment period*. Prior to making the decision, CalPERS informed the City that its portfolio was down 20% for the period from July 1 to October 15, 2009.

Because Long Beach is a part of the CalPERS pension fund, we must make contributions to it, and we share in the gains and losses of the CalPERS fund overall. However, prefunding increases the City's exposure to CalPERS investments by allowing CalPERS to invest our money for a longer period, and thus itprefunding is imprudent during years in which the fund is projected to have a negative return.

Thus, in rare cases in which it appear likely that CalPERS's portfolio will deliver a significantly negative return, the City should avoid prefunding. While the ultimate performance of the CalPERS portfolio cannot be know~~sn~~ until after the end of the fiscal year, by October one quarter of the state's fiscal year is over and thus one can reasonably predict that a market that is down dramatically by that point is unlikely to recover sufficiently ~~enough~~ to provide a positive annual return.

Outcome

By choosing not to prefund, Long Beach~~'s pension fund will save millions of dollars will have saved an~~, estimated ~~te--be--~~\$ 4.47 million in pension fund assets as of March 19, 2009. While Long Beach's overall pension fund will fall due to the enormous losses suffered by CalPERS, we have limited that decline to the extent possible. Because employee pensions are funded largely by taxpayer dollars and the long-term investment return on these dollars, these savings represent a true " win/win" result: pensions that are stronger for City employees and less costly to taxpayers.

1111

Sent: Michael Gagan <MGagan@KindelGagan .co m>
Sunda y, August 22, 2010 9:25 AM
To: Laura Doud
Subject: LB Auditor Presentation August 2010
Attachments: LB Auditor Presentation August 2010.doc

Importance: High

Here is a first draft for your perusal.

The meeting I have at WRD is still on for 8:30 in the morning. I expect I will be done by 10:00 and back in the office by 10:30 or so. I have a staff meeting until noon and I am then wide open. I can call you from the car after the WRD meeting (I have a new GS 350 with every techno gadget imaginable, including hands-free phone) or we can set a time from 12:00 on. Of course, you can call me anytime, including today. I will be in the office much of the day, but you can use my cell number no matter where I am (213.280.8541).

Hope your weekend is going well. Should be real nice at the beach!
M

The shocking pension benefits that may be paid to the city manager and others in the City of Bell have put a spotlight on abuses that can occur in jurisdictions that operate in darkness and are governed by a culture of corruption by leaders with no apparent moral compass.

But the fact of the matter is, even in a jurisdiction that is otherwise transparent and well-managed, pension obligations can reach a level that exceeds the ability of the jurisdiction to pay for them. The City of Vallejo filed for bankruptcy two years ago in part for that very reason. Former Los Angeles Mayor Richard Riordan recently warned that LA will go bankrupt in the next four years because of runaway pension and retiree health care obligations.

Without a doubt, the biggest threat to the fiscal solvency of state and local government in California ---including the City of Long Beach --- is the obligation jurisdictions have to the pension systems of their retirees.

There is a huge and growing disparity between the cost of retiree pension benefits and the revenues available to pay them. The reasons are many. On the pension cost side, we have the following factors:

- Retirees are living longer than actuaries thought they would live when they were first employed, so pension benefits are paid for a longer period of time than anticipated.
- The actual return on investments is much less over time than retirement systems assumed. Ten years ago, the state's Public Employees Retirement System, or PERS, assumed an 8.25% rate of return. The actual rate has been less than 4% and in the market meltdown, PERS lost an astonishing 30% of its assets. Today the assumption is 7.75%, and so far this year it has been over 11%, but in reality no one can predict what it will actually be. And by the way, if

PERS did realize a 7.25% rate of return annually, it would take until 2024 for the value of its portfolio to match the size of its obligations.

- By law, the public employer must make up the difference between what has been earned on investments and what is owed. We call that difference the "unfunded liability" and that liability has grown exponentially in recent years and will accelerate further in future years. PERS, for example, is underfunded to the tune of \$325 billion, or \$22,000 for every working adult in California. Since Long Beach is a member of PERS, we share a portion of that liability. At the end of 2008 our unfunded liability was \$82 million.
- Collective bargaining agreements with public employee unions have resulted in earlier retirement ages for full benefits and annual contributions from *employers* that are much higher than annual contributions from *employees*.

Many jurisdictions also have obligations to pay lifetime health care benefits to their retirees, making a bad financial outlook even worse. Long Beach does not pay lifetime health care benefits.

On the revenue side, all jurisdictions have experienced declining tax revenues in the last three years and most, including Long Beach, face recurring deficits extending well into the future. But even if revenue grew at pre-recession levels, it would be outpaced by the growth in pension obligations.

The combination of declining revenues and increasing pension costs thus poses an extraordinary challenge.

Let me tell you specifically what the City of Long Beach is proposing to do about it. As you will see, Long Beach is not Bell, is nowhere close to

being Vallejo and no one is calling for bankruptcy as a way to overcome our obligations.

It is important to note the pensions Long Beach pays its retirees are modest not only by Bell standards but by any standard. We have a total of 1,500 retired police officers who averaged 30.3 years of service to the City. The average pension for these officers is \$49,205. We have a total of 3,500 non-public safety retirees who averaged just over 24 years of service. The average pension for these retirees is \$21,997.

Our challenge is not as great as the vast majority of jurisdictions in California, but it is nonetheless a challenge.

In a clear and forthright Budget Message to the City Council last month, Mayor Bob Foster outlined that challenge in the context of our entire budget and what he proposed to do to meet that challenge.

We are looking at an \$18.5 million deficit in the next fiscal year. \$4.2 million of that is in reduced revenue, but most of the remainder consists of increased employee payroll, health care costs and City contributions to PERS.

80 cents of every dollar the City spends is for employee and retiree costs. Without significant change, that number will likely grow to 90 cents and the City's deficit will total nearly \$60 million by 2014.

Public safety pension costs amount to nearly 27% of the City's entire police and fire payroll. Without reform, that percentage will rise to 45% by 2014. Clearly, something has to give.

As the Mayor said:

We will soon have no capacity in our General Fund beyond paying for personnel expenses. It is neither right nor fair to make public

employees the scapegoats but the current benefits are generous and the numbers are very clear: these pensions are not sustainable.

At nearly 70% of the budget, left unchecked, public safety costs run the risk of debilitating every other function of city government.

What the Mayor proposes would not be limited to police and fire but would apply to all employees.

First, he proposes that all salary increases that are already contracted for the next three years be applied to the employee's share of pension costs. The employee's share of pension costs is currently 8% of salary. The employee pays only 2%; the City pays 6%. Under the Mayor's proposal, any contracted salary increase would apply to the City's share until the entire 8% is achieved. Employee raises would pay for their pension costs. Any increases beyond the 8% would be frozen through 2014.

By law, pension benefits for existing employees cannot be changed. What he proposes for new employees, however, would result in fair but less generous pension formulas.

Currently, a public safety employee is eligible to retire at age 50 and is entitled to 3% of his or her highest annual salary for each year worked. Under the Mayor's proposal, the retirement age would be increased to 55 and the percentage would be reduced to 2% of his or her highest salary for each year worked.

For non-safety employees, the retirement age would be increased from 55 years to 60 and the formula would be reduced from 2.5% of the highest annual salary for each year worked to 2%.

Should the Mayor's proposals be adopted through changes to the City's various collective bargaining agreements, he estimates that the projected

2014 deficit will be reduced from \$20.4 million to a more manageable \$9.2 million. Long-term, the changes in retirement age and benefit formulas will be even more significant, although I haven't seen the numbers.

Clearly, the cooperation of our various public employee unions is required for the Mayor's proposals to be implemented. Six unions at the state level recently accepted a similar proposal made by the Governor and I am hopeful that the collective bargaining units here will do the same.

With that cooperation, Long Beach will remain on course to not only survive these difficult times over the next few years but to thrive as a vibrant City well into the future.

1111

Sent: Michael Gagan <mgagan@rosekindel.com>
Monday, February 12, 2007 2:34 PM
To: Laura Doud
Cc: Patrick Lantz \ (E-mail)
Subject: CalPERS Report
Attachments: LB Auditor PERS Report February 2007.doc

Here's the report for February...

I'll be meeting with CEO Fred Buenrostro tomorrow over breakfast in Sacramento.

If you need to reach me this afternoon or evening or tomorrow morning, I'll have my cell phone with me. 213.280.8541.

Cheers!

February 12, 2007

To: Hon. Laura Doud
City Auditor, Long Beach

From: Michael Gagan

Re: **CalPERS Report, February 2007**

CalPERS Budget

The 2007-08 CalPERS budget totals \$13,575,704,000. Of that amount, \$13,305,899,000, or 98%, is for payment of benefits. Anticipated benefit payments represent a 2% increase over 2006-07. The administration and personnel budget is \$269,805,000, a 1.4% increase over 2006-07. Total staffing is 1,954, two more than in the current budget year.

A Balanced State Budget?

The Governor's assertion that the budget is "structurally balanced" with "zero deficits" has been questioned by the Legislative Analyst's Office. Combined with what the LAO thinks are overly optimistic revenue projections and expenditure limitations, the Governor assumes the state will prevail in litigation it has repeatedly lost. The budget assumes, for example, the sale of pension revenue bonds to meet part of the annual obligation to CalPERS for a net General Fund benefit of \$525 million. The courts have ruled that such a sale is unconstitutional without voter approval.

The budget is silent on the estimated \$27 billion in unfunded CalPERS pension liabilities.

Also complicating the Governor's goal, State Controller John Chiang last week released revenue numbers showing that receipts are running \$1.2 billion below the projections upon which the Governor's budget is based.

CalPERS To Manage Funds of Private Investors?

CalPERS' Chief Investment Officer Russell Read unveiled a proposal at CalPERS' annual Board retreat in Napa that is likely to raise eyebrows among private mutual fund companies. CalPERS staff is proposing a plan to expand into something of a quasi-mutual fund by selling various retirement products to consumers around the country.

CalPERS will introduce its first products in June to the 22,600 members who already participate in CalPERS' 457 personal retirement plan. Over time, an assortment of services, including investment advice, will be offered. Board members cautioned the staff to move cautiously so as not to jeopardize the fund's tax status for members.

In addition to generating fees, the new service offering would enable CalPERS to be in position to accommodate shifting to a direct contribution, rather than defined benefit, system of retirement benefits that is contemplated by an anticipated initiative to appear on the ballot next year.

Moody's Issues Reports on Pension Liabilities and OPEB

Moody's Investors Service issued two reports that show a dramatic rise in the pension liabilities and OPEB costs for the 55 largest cities in the country. The median accrued pension liabilities for the cities rose from \$387.8 million in 1997 to \$554 million in 2004, a 43% increase. The growth is attributed to salary inflation, workforce growth and enhanced pension benefits, as well as a downward revision of earnings assumptions made by some cities. The median pension funding level in 2004 stood at just under 85%. The pension liability for Long Beach for the same period grew from \$246.9 million to \$545 million. Notwithstanding the increase, the funded status for Long Beach was at 282% in 2004.

The OPEB report quantified OPEB as a percentage of operating revenue for the same jurisdictions and found some as low as 0% (Denver) and some as high as nearly 9% (Tampa). The 2005 ratio for the City of Long Beach was 1.7%, representing \$6.2 million in OPEB costs relative to \$362.2 million in operating funds revenue. Other California cities and their respective OPEB percentages: Anaheim - 2.4%; Fresno - 2.4%; Los Angeles - 2.3%; Oakland - 0.5%; Sacramento - 2.0%; and San Francisco - 4.4%.

Jarvis Report on Liability for Select Pension Systems

The Howard Jarvis Taxpayers Association commissioned the Center for Government Analysis to prepare An Analysis of Public Employee Retirement Systems in California. Released on January 11, the report estimates a total 2003-04 funded ratio of 89% for all public pension systems in California, with a total unfunded pension liability of \$50.9 billion. The report has been widely criticized for relying on outdated information, its selective use of data and the employment

of seemingly spurious comparisons between public employee pay and benefits versus private sector employee pay and benefits.

The following chart shows the funded ratios and unfunded liabilities for the ten systems selected by the report for detailed analysis.

Pension System	Funded Ratio (%)	Unfunded Liability (\$ Billions)
PERS (2003-04)	87.3	24.7
STRS (2004-05)	86.0	20.3
LACERA (2003-04)*	82.8	4.9
LACERS (2004-05)*	77.2	2.1
LADWP (2004-05)*	90.5	.73
LA P & F (2004-05)*	94.1	.72
OCERS (2003-04)*	69.2	2.3
SDCERA (2004-05)*	80.3	1.4
City of SD (2003-04)	67.8	1.2
City/ County of SF**	109	0

* LACERA - Los Angeles County Employees Retirement Association

* LACERS - City of Los Angeles Employees Retirement System

* LADWP - City of Los Angeles Department of Water & Power Retirement System

* LAP & F - City of Los Angeles Police and Fire Pension System

* OCERS - Orange County Employees Retirement System

* SDCERA - San Diego County Employees Retirement Association

** The City and County of San Francisco is the only major public retirement system in the state fully funded on the pension side. The fact that voter approval is required for any change in the pension system, including a change in benefits, is often cited as a reason for that.

GFOA Committee Warns Against Debt-Financing Health Care Liabilities

The Government Finance Officers Association Debt Committee will recommend to the Association board of directors in March that state and local governments resist the temptation to sell bonds to cover future costs of health care benefits to retirees. "State and local governments should not use bonds to solve the problem," said Patrick Born, CFO for Minneapolis and chair of the Debt Committee. "They have to address what is driving costs and that is hard to do."

Public Retirement Journal Annual Conference

The January 31 Public Retirement Journal 17th annual training seminar in Lakewood featured significant speakers discussing timely subjects. Some highlights:

- Journal publisher Amy Brown predicted that the Howard Jarvis Taxpayers' Association and former Assemblyman Keith Richman will spearhead an initiative to change the defined benefit system for public employee retirees to a directed contribution system. Richman authored an unsuccessful effort to do that when he was in the Legislature. She also predicted very little in the way of retirement legislation this session by virtue of the creation of the Governor's OPEB Commission, with legislators content to await the Commission's recommendations, due next January. That view was echoed by Karon Green, Chief Consultant to the Assembly Public Employees, Retirement and Social Security Committee.
- Organized labor thinks the GASB disclosure requirement "crisis" is a media creation, according to SEIU lobbyist Terry Brennand. The real culprit, he said, is the fact that health care costs are running three times the inflation rate. He said that most systems should be fully funded within the next couple of years. Randy Perry, state lobbyist for a peace officers' association agreed, saying that GASB was a "crappy scare tactic." Public employee unions support pre-funded options for health care to blunt "Republican pension attacks." Labor is waiting to see who is appointed to the OPEB Commission and wants to know "who is going to take the hit" from Commission recommendations, saying that public employees have been the fall guys for recommendations made by similar commissions in the past.
- Ken Marzion, CalPERS Assistant Executive Officer, said the Health Care Pre-Funding Program rollout was proceeding smoothly. He also said that SB 1729 to permit participation by PERS agencies that do not participate in the CalPERS health plan would be reintroduced in a way that deals with the "vested right" concern the Governor expressed in his veto message.

Briefly Noted

- CalPers had a 12.3% return on investments for the year ending June 30, 2006, significantly above the actuarial target of 7.75%. Assets are at \$225 billion.
- Los Angeles County CAO David Janssen has been recommended by the California State Association of Counties to sit on the OPEB Commission. Given Janssen's track record dealing with organized labor, he may be a good candidate to chair the Commission, if appointed.

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Sent: Michael Gagan <mgagan@rosekinde l.com>
To: Friday, January 5, 2007 3:13 PM
Subject: Laura Doud
Attachments: CalPERS Report
LB Auditor PERS Report l.doc

[Here's the final version \(unless you want other changes\).](#)

[Thanks!](#)

January 5, 2007

To: Hon. Laura Doud
City Auditor, Long Beach

From: Michael Gagan

Re: **CalPERS Report, January 2006**

CalPERS Investment Performance

The Wilshire CalPERS Performance Review for the quarter ending September 30 2006 was released in December. The quarter saw a slowdown in the U.S. economy, declining crude oil and gasoline prices, a halting of Fed Funds increases, and a softening of the real estate market.

The market value of the PERS investment fund stood at \$217.6 billion, representing a return for the quarter of 4.5% and a return on the year ending September 30 of 11.9%. For the quarter, the fund outperformed the Dow Jones Wilshire 5000 Index by 3 basis points and underperformed the S & P 500 Index by 117 basis points. For the year ending September 30, the fund outperformed the Dow Jones Wilshire Index by 151 basis points and the S & P Index by 109 basis points. Since bottoming out in 2002 as a result of the two-year decline in the markets, CalPERS investment assets have grown by \$83.5 billion or 38.3%. Based on growth in the equities market, fourth quarter returns for 2006 should be robust.

Future CalPERS Reports will compare PERS investment portfolio results to results for other public retirement funds around the state.

GASB Proposes Revised Disclosure Requirements for Government Pension Plans

The Government Accounting Standards Board on December 15, 2006 issued a proposal to bring disclosure requirements for government pension plans in line with those taking effect this year under GASB No. 45 for Other Post-Employment Benefits (OPEB), making the disclosures more prominent in financial reports, rather than appearing as footnotes. The proposal would amend GASB Statement No. 25 relating to *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 27

relating to *Accounting for Pensions by State and Local Governmental Appointees*. Requirements would be effective June 15, 2007.

Public Employee Post-Benefits Commission

By Executive Order issued December 28, 2006, the Governor created the Public Employee Post-Benefits Commission to propose ways to address growing pension and retiree health care obligations of California's state and local governments. Six members are to be appointed by the Governor, three by the Assembly Speaker, and three by the President pro Tern of the Senate. The commission is tasked to:

- identify the total unfunded pension and health care liabilities of state and local government in California;
- evaluate and compare various approaches to address the unfunded obligations; and
- propose a plan to address those obligations by January 1, 2008.

Appointments to the Commission are expected in the first two weeks of January.

Unfunded Liabilities Likely To Loom Large On the Political Landscape

As the Commission gets down to work, GASB 45 obligation disclosures of Other Post-Employment Benefits (OPEB) will start emerging from agencies and jurisdictions around the state. These disclosures will result in increased public attention to some stunning liability exposures. Long Beach appears to be in good shape with respect to its retirement funding by virtue of its issuance of pension obligation bonds to spread payments over a longer period of time. And the FY 2007 Budget estimates a manageable \$2.5 million annual set-aside to fund GASB 45 liabilities. Many if not most other jurisdictions in the state, however, have a ticking time bomb on their hands with no plan to defuse it.

The Los Angeles Unified School District reportedly has an estimated unfunded liability in excess of \$10 billion, Los Angeles County is looking at \$9 billion, Orange County is at \$2.3 billion, the City of Los Angeles is at \$2.1 billion and the City of San Diego is at \$1.4 billion. PERS is pegged near \$29 billion, although its liability is under actuarial review and has not been formally released. STRS' announced liability is \$20.3 billion. (These numbers should be approached

cautiously; some include just OPEB obligations and some combine OPEB with retirement obligations. There is no single definitive analysis, although the California Healthcare Foundation report of a few months ago is pretty good on the health care liability side for the agencies in its sample. The Legislative Analyst's Report of 2005 is good but dated.)

While the total liabilities in terms of dollars are smaller, the ratio of unfunded obligations to general fund budgets and total assets are larger for many of the nearly 2,000 other counties, municipalities and special districts in the state. Some are unfunded by more than 50%.

As the OPEB disclosures reach a crescendo toward the middle of the year, one can expect a great deal of finger-pointing and running for cover as editorial condemnation and negative public reaction become more pronounced. Current officials are already decrying the "giveaways" former officials negotiated with public employee unions in the 1990s. Public employee unions for their part have signaled that they will not be willing scapegoats for the failure of jurisdictions to fund the deserved benefits of their members.

Some political options have emerged:

- The City of San Francisco, interestingly enough, is fully funded on the pension side and credit for that is given to a charter provision it has had for more than a century requiring voter approval for any change in its municipal pension plans, including changes in benefits. Over public employee union opposition, voters in the City of San Diego approved a similar provision in November 2006 and an *effort* is underway to put the "San Francisco model" on the ballot in Orange County.
- On the OPEB side, the County of San Diego in December eliminated the health care benefit for employees who retired after March 2002, affecting 2,600 recent retirees and all current employees.
- The County of Santa Clara last year changed the number of years an employee must work before becoming eligible for retiree benefits from five years to ten.

The OPEB disclosures, along with the revised GASB requirements for

disclosing pension obligations, will call attention to the long-reported, but often buried, exposures for pension obligations, and in the public mind the two will simply be different sides of the same taxpayer coin. "Fiscal horror show," "runaway pension costs," "ticking financial time bombs" and "pending fiscal train wreck" are terms used in editorials over the past month and will likely be repeated in the months to come, with various options emerging either through contract negotiations with employee unions or political actions by legislative bodies or the voters.

While the City is in good condition relative to most jurisdictions, any options pursued legislatively or through a statewide ballot measure with impacts on CalPERS could affect the interests of the City, its current and future employees, and retirees.

State Legislation

A few hundred PERS-related bills are typically introduced in a legislative session. Most bills introduced are not passed and some that pass are vetoed by the Governor. Last year, bills were enacted relating to vision care for state annuitants, disability retirement eligibility, service credit for elected officials, divestiture of investments in companies doing business in Sudan, rural health care equity and several others dealing with technical and non-substantive matters.

OPEB Prefunding

Perhaps from a City of Long Beach standpoint, the most significant legislation was vetoed. SB 1729 (Soto) would have allowed the PERS Board to offer a prefunding program for OPEB, including retiree health care costs, to any local agency, whether or not that agency was in PERS or participated in PERS' health care plan. The Governor rejected the bill on grounds that it was "too soon" for PERS to be a trust agent for non-PERS participants and because he was concerned that non-PERS retiree health care programs not currently regarded as vested benefits could arguably become vested, since the PERS retiree health care program is itself a vested benefit.

In October, and relying on a legal opinion that it did not need additional legislation to implement a pre-funding program for PERS and local agency participants in the PERS health care program, the PERS Board instructed its staff

to develop such a program for adoption by the Board.

Because the legislation had broad support from local government and employee unions and no opposition, a similar bill is expected to be introduced this year extending eligibility to non-PERS entities as well as PERS entities that do not participate in PERS' health care plan. It is possible the bill will include language that gives the Governor more assurance with respect to "vesting" prohibitions for currently "non-vested" benefits.

Supplemental Contribution Program

PERS will sponsor legislation to give the Board authority to accept employer contributions on behalf of participating employees in the Supplemental Contribution Plan (SCP) and to expand eligibility to all public agencies in the state without regard to membership in PERS' defined benefit pension plan. Currently, employer contributions to the SCP are not permitted and eligibility is limited to employees who are active members of the PERS defined benefit plan. If enacted, the legislation would provide another chip for either public agencies or their employee unions to throw on the collective bargaining table.

Items to Note

- With their assumption of office, Treasurer Bill Lockyer and Controller John Chiang become members of the PERS Board, replacing Phil Angelides and Steve Westley respectively. Lockyer has a Long Beach connection: he resides in Belmont Shore.
- The PERS Board and its committees will hold their January meetings in Napa.
- The Public Retirement Journal last published in November. Its next issue will come out in February.

1111

Sent: Michael Gagan <mgagan@rosekinde l.com>
Tuesday , October 21, 2008 10:22 AM
To: Laura Doud
Subject: LA Auditor Pers Prepay Letter
Attachments: LA Auditor Pers Prepay Letter.doc

Here's a draft for your consideration in the event you choose to go along with pre-pay...

This email has been scanned by the MessageLabs Email Security System.
For more information please visit [http:// www .messagelabs.com/](http://www.messagelabs.com/) email

Dear Pat:

The Mayor has asked that we reconsider our letter to you of October 15 concerning the relative risks to the City of either prepaying its 2008-09 CalPERS obligation or paying the obligation in biweekly increments. Based on a calculation of plausible but necessarily uncertain assumptions about the Fiscal Year 2008-09 performance of CalPERS relative to the likely performance of the City's investment portfolio, and factoring in the time value of money, we advised against prepaying our employer obligation for this year.

We have subsequently examined the alternatives in light of the 15-year smoothing out period CalPERS employs to determine employer obligations from year-to-year. The smoothing out period minimizes wild fluctuations in employer obligations that may result from significant drops or significant gains in CalPERS rates of return. In the past 15 years, those rates of return have been as high as 20.1% on the positive side and as low as 7.2% on the negative side. The average for the period exceeds 7%.

In the context of the smoothing out period, the plausible risk we calculated for the 2008-09 Fiscal Year is in our judgment more acceptable. While impossible to predict, it is also possible that the CalPERS rate of return for the year will be more favorable than our plausible assumptions, thereby further reducing the one-year risk to the City we calculated.

We are therefore prepared to approve a wire transfer from the City to CalPERS in the sum of \$43,597,046.00 provided you make such a request to us in writing.

Sincerely,

Laura L. Doud, CPA
CITY AUDITOR

Attachment 5 – Kindel Gagan Work Product – Other

1111

Sent: Michael Gagan <mgagan@kindelgagan.com>
Monday, November 19, 2018 12:42 PM
To: Laura Doud
Subject: RE: Special Pay Audit Program.xlsx

Oops! Just went and got lunch...let's do 2:00.

Thanks!

-----Original Message-----

From: Laura Doud [mailto:Laura.Doud@longbeach.gov]
Sent: Monday, November 19, 2018 12:39 PM
To: Michael Gagan <mgagan@kindelgagan.com>
Subject: Re: Special Pay Audit Program.xlsx

Great - does now work for you? If not, 2:00? Thx!

Sent from my iPhone

> On Nov 19, 2018, at 12:18 PM, Michael Gagan <mgagan@kindelgagan.com> wrote:

>

> Hi Laura:

>

> I can't edit the document...not a lot of changes, but are there good times for you to talk this afternoon?

>

> Thanks!

>

> (I'm surprised Clay Helton is still at USC!)

>

> -----Original Message-----

> From : Laura Doud [mailto:Laura.Doud@longbeach.gov]

> Sent: Saturday, November 17, 2018 10:10 AM

> To: Michael Gagan <mgagan@kindelgagan.com>

> Subject: Special Pay Audit Program .xlsx

>

> Good Morning Michael,

>

> I hope all is well with you!

>

> No rush on this - but I wanted to see if I could receive your opinion on the attached audit program regarding our Skill Pay Audit we plan to begin in the next couple of weeks. I think my staff did a pretty good job putting it together, but I just wanted to make sure there is nothing glaring we may have missed.

>

> I believe most of the City's skill pay falls under the departments of Police and Fire. As noted in the audit program we will be reviewing the MOUs and the City policies for compliance, but with all of your experience, I would very much appreciate your review and any suggestions you may have.

>

> Thank you very much,

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> p. □

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Sent: Laura Doud
Saturday, November 17, 2018 10:10 AM
To: Michael Gagan
Subject: Special Pay Audit Program.xlsx
Attachments: Special Pay Audit Program.xlsx; ATT00001.txt

Good Morning Michael,

I hope all is well with you!

No rush on this - but I wanted to see if I could receive your opinion on the attached audit program regarding our Skill Pay Audit we plan to begin in the next couple of weeks. I think my staff did a pretty good job putting it together, but I just wanted to make sure there is nothing glaring we may have missed.

I believe most of the City's skill pay falls under the departments of Police and Fire. As noted in the audit program we will be reviewing the MOUs and the City policies for compliance, but with all of your experience, I would very much appreciate your review and any suggestions you may have.

Thank you very much,
Laura

p.s. Should be a good game today! Go Trojans!!!

City Auditor 's Office
Special Pay Audit 18-306
Audit Program

Overall Objective: Determine if 1) special pay compensation was paid to employees in accordance with MOUs and City policies; and 2) special pay types offered to employees are relevant.

Audit Scope: The audit scope is limited to evaluating departments that have heavy usage of premium pays. Calendar year 2017 payroll data will be used for sampling and analysis.

A OBJECTIVE: Does the City have adequate controls surrounding authorization and use of special pays?

- 1) Obtain and review City policies surrounding special pay, as well as MOUs, and salary resolutions.
 - a) Ensure the general terms and conditions that appear on authorization forms are consistent w/City policy and MOU's.
 - b) Determine if additional guidance is needed in City policies to ensure there is clear criteria on who is eligible for skill pay.
- 2) Gain an understanding of skill pay and per diem authorization controls.
 - a) Interview HR and Department staff to gain an understanding of skill pay approval and review processes.
 - b) Identify HRMS system controls surrounding special pay codes assigned to employees.
 - c) Determine what controls will be implemented surrounding skill pay in the new ERP.

B OBJECTIVE: Are employees receiving special pay compensation eligible per MOUs/Salary Resolutions?

- 1) Obtain a HRMS report for calendar year 2017 that shows all employees receiving special pay by type, and department .
 - a) Determine the amount of skill pay used by each Department in 2017, and select those that have high usage for further testing.
- 2) Select a sample of employees for selected departments and verify if employee is eligible to receive special pay.
 - a) Compare employees classification to Salary Resolutions to ensure classification is allowed special pay.
 - b) Verify employee has skill pay requirement (i.e. certification, years of experience, duty, etc.) outlined in MOUs.
 - c) Review HR-1 forms or timesheets to verify skill pay was properly authorized.
 - d) For employees receiving more than one skill pay verify that all types are allowed based on MOU/Salary resolution
 - e) For skill pay types that require an employee to be working (i.e. standby pay) review timedump/greensheet to ensure employee did not use leave pay on the same day.

C OBJECTIVE: Is the amount of special pay compensation received by employees accurate per MOUs/Salary Resolutions?

- 1) For employees sampled in step B, determine if they were paid the correct rate for the skill based on MOU/Salary resolution.
 - a) Review employee payroll records to identify base and adjusted rates of pay.
 - b) Compare rates to skill pay rates per Salary Resolutions.

1111

Sent: Laura Doud
Tuesday, July 25, 2017 9:04 AM
To: Michael Gagan
Subject: Re: Status Report on Long Beach Financial Policies Memo

Good morning Michael,

Thank you so much for your excellent analysis of this document and for getting back to me so quickly. Your points are very smart! So much wiser to be conservative or at least to find out what the difference is from being optimistic. I will follow up with a council member today to seek clarification.

I'll let you know how the budget workshop goes today.

Sounds like you had a fabulous weekend!!! No one more deserving than you!

Thank you very much again,

Laura
Sent from my iPhone

On **Jul 25, 2017**, at 8:30 AM, Michael Gagan <mgagan@ki ndelgaga n.com> wrote:

Hi Laura:

It's a long document, but most of it is the Budgetary and Financial Policies the City adopted back in FY 2014. The chart preceding the Policies gives a status report on each of the policies and makes recommendations in some cases for changes or adjustments to the policies. What really sticks out to me is the recommendation in 9 to "amend the policy to be consistent with approach used in FY 18 budget: Revenue projections are to be prepared using a 'reasonably optimistic' approach." This is a significant departure from the adopted policy that requires "revenue projections are to be objectively prepared using a reasonably conservative approach."

Since we haven't seen the FY 18 budget, we don't know how a "reasonably optimistic" approach translates into projected revenues. It would be of interest to know what those projected revenues are compared to what they would be if City Management adhered to existing "reasonably conservative" policy.

An "optimistic" projection of revenues is a budget gimmick lots of jurisdictions (like LA) use to manufacture revenues that don't exist and won't materialize in order to say they have a "balanced budget." The key here is to have a council member ask city management for a definition of "reasonably optimistic" to see if that definition is "reasonably realistic." To their credit, the staff does point out the potential downside of the changed approach. If the downside occurs, unspecified "budget issues" would surface "during the year and at the end of the year." Indeed.

On the upside, I am really impressed with the Reserve numbers reported in 7, with one exception . The Policy requires a "CalPERS fluctuation reserve," but the Status section does not say what the status of that reserve is.

Finally, there is no hint in this particular document, what the budget includes for the FY 18 CalPERS payment or what the three-year projection will be.

Should be an interesting workshop!

Spent 4 days last week in Bandon Dunes, Oregon. Getting there by private plane was awesome --- as was the golf!

Michael

From : Laura Doud [<mailto:Laura.Doud@longbeach.gov>]
Sent: Monday, July 24, 2017 3:16 PM
To: Michael Gagan <mgagan@kin.delgagan.com>
Subject: FW: Status Report on Long Beach Financial Policies Memo

Hi Michael,

Hope you're having a great day! I wanted to let you know that Financial Management will be presenting a presentation at the Budget Oversight Committee tomorrow regarding the City's financial challenges over the next three years. I am so glad they are doing this. I will let you know how it goes.

Also, attached is the City's financial policies and how they are conforming to them. It's a 20-page document, so I haven't had a chance to read it yet but wanted to forward to you for your review. This isn't urgent. But I know you have a good eye and knowledge for things like this. Maybe in the next couple of weeks we can briefly discuss.

Thank you so much,

Laura

From: Crystal Timberlake **On Behalf Of** John Gross
Sent: Monday, July 24, 2017 12:40 PM
Cc: Charles Parkin <Charles.Parkin@longbeach.gov>; Laura Doud <Laura.Doud@longbeach.gov>; Tom Modica <Tom.Modica@longbeach.gov>; Kevin Jackson <Kevin.Jackson@longbeach.gov>; Rebecca Jimenez <Rebecca.Jimenez@longbeach.gov>; CM - City Manager Department Heads <CM - City Manager Department Heads@longbeach.gov>; Monique DeLaGarza <Monique.DeLaGarza@longbeach.gov>
Subject: Status Report on Long Beach Financial Policies Memo

Good afternoon,

Please see the attached memo.

Crystal Timberlake
Secretary

Department of Financial Management

333 W. Ocean Blvd, 6th Floor | Long Beach, CA 90802

Office: 562-570-6425 | 562-570-6780

Crystal.Timberlake@longbeachgov

<image001.png>

1111

Sent: Michael Gagan <mgagan@rosekindel.com>
Monday, March 19, 2007 11:44 AM
To: Laura Doud
Subject: RE: California Retired Employees Association, Long Beach Chapter

I will have the first draft to you this afternoon or tomorrow morning, so we'll have lots of time to polish it. How 'bout those Running Rebels?

-----Original Message-----

From: Laura_Doud@longbeach.gov [mailto:Laura_Doud@longbeach.gov]
Sent: Monday, March 19, 2007 11:09 AM
To: Michael Gagan
Subject: RE: California Retired Employees Association, Long Beach Chapter

Hi Michael,

Thank you for agreeing to help us with this. We are working with Financial Management right now to obtain the needed information. We were also able to buy more time for this assignment. We have until Tuesday, March 27. Hope this still works with your schedule. We will forward you the information when we receive it.

The USC game was fast and exciting! UCLA's game was kind of ugly.

Take care,
Laura

"Michael Gagan" <mgagan@rosekindel.com>

03/16/2007 03:03 PM

To: <Laura_Doud@longbeach.gov>
cc:
Subject: RE: California Retired Employees Association, Long Beach Chapter

I just heard the score driving back from a meeting in North Hollywood. Ouch! But at least they made it. Memphis State is ne high scoring team!

I think it's possible to put together an article by next Friday. What we need from either FM or HR:

1. Number of retirees
2. Annual cost to LB of retiree pensions
3. Annual cost to L.B. of OPEB, including health care costs
4. Most current unfunded liability numbers for pension obligations and OPEB obligations

We can talk about GASB requirements and how things look in terms of obligations statewide, the unfair demonization of public employees and retirees, etc.

What you are doing in terms of monitoring PERS and the importance of legislation that

would permit City participation in PERS' pre-funded health plan.

I'm thinking the theme will be (based on what I expect will be good numbers) that Long Beach is in good shape in terms of meeting its responsibilities to its retirees relative to many other jurisdictions in the state.

Go Bruins!

-----Original Message-----

From: Laura_Doud@longbeach.gov [mailto:Laura_Doud@longbeach.gov]

Sent: Friday, March 16, 2007 1:37 PM

To: Michael Gagan

Subject: California Retired Employees Association, Long Beach Chapter

Michael,

Would you be available to help me write an article in response to the request below. If we needed additional information, I'm sure financial management or human resources could provide us with help.

Long Beach State is getting killed. Too bad.

Have a great March Madness Weekend!

Talk to you soon,

Laura

----- Forwarded by Laura Doud/CH/CLB on 03/16/2007 01:31 PM-----

Olivia Maiser

03/14/2007 03:47 PM

To: laura_doud@longbeach.gov@CLB

cc: Alex Cherin/CH/CLB@CLB

Subject: California Retired Employees Association, Long Beach Chapter

You have been asked by the group's President, Jim Spaulding, to write an article for their chapter's newsletter and also to appear before the group on July 25th to make a presentation.

Deadline for the article is March 23, a week from this Friday. Mr. Spaulding will be bringing samples of the newsletter to me tomorrow afternoon.

Topics for the presentation and the article are similar: status of retirement benefits for Long Beach public employees and update of work being done in the Auditor's office relating to retirement benefits.

Let's discuss who you would like to draft the article and whether you plan to be available to appear at the July meeting. I told Mr. Spaulding that I couldn't commit you without talking to you in case you planned to be away on vacation during that time.

0.

Virus Checked for Huntsworth companies

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

Virus Checked for Huntsworth companies

This email has been scanned by the Messagelabs Email Security System.
For more information please visit [http:// www.me ssagelabs.co m/ email](http://www.messagelabs.com/email)

1111

Sent: Laura Doud
Friday, May 15, 2020 11:13 AM
To: Michael Gagan
Subject: Re: CITY OF LONG BEACH Feasibility Report April 24 Final.pdf

Thank you Michael. Yes, excellent thoughts. I will ask about Oil and SERRF. You're the expert in this field. Knowing you're good with this gives me great confidence! Thank you!

On May 15, 2020, at 10:59 AM, Michael Gagan <mgagan@kindelgagan.com> wrote:

-EXTERNAL-

Hi Laura:

I remember we talked about this awhile back. I have read the staff report and scanned the consultant's report, with particular attention to the Labor chapter. I see no downside and lots of upside to consolidation, cost savings being just one of them. More effective governance is another.

I am curious where the City Manager wants to put the Oil and SERRF operations. If it were up to me, I'd transfer those to the new Utilities Department as well! They probably have their reasons for not doing it.

All in all, a very good idea!

Michael

From: Laura Doud [mailto:Laura.Doud@longbeach.gov]
Sent: Friday, May 15, 2020 9:28 AM
To: Michael Gagan <mgagan@kindelgagan.com>
Subject: CITY OF LONG BEACH Feasibility Report April 24 Final.pdf

Good Morning Michael,

I received the two emails below that are seeking my support for a ballot measure. There is also a staff report and the consultant's report attached. I like Chris Garner very much and trust his professionalism.

I will be reviewing these documents, and I wanted to see if you would be willing to review as well some time over the next week or so and provide me your opinion.

Thank you very much,
Laura

These are the emails from Chris:

Laura,

With the COVID financial impact upon the budgets of all departments, there is no better time to try to creatively achieve cost savings and operational improvements through any creative means possible. In that regard, the concept of consolidating the oversight and administration of the City's gas and water utilities has been resurrected for possible inclusion on the November 2020 ballot. I have discussed with Mayor Garcia, Diana Tang, Tom Modica, John Gross, and Bob Dowell, as well as with my Board of Water Commissioners.

As part of due diligence, the water and gas utilities jointly engaged an independent expert consulting firm, BB&E, to take a high level review of the concept and let us know if they believed it had real merit or if it had any fatal flaws for concern, as well as an estimate of the magnitude of cost savings that might be realized through a consolidation. The report supported staff's expectations of financial, operational, and customer benefits. The cost savings estimated to be just under \$3 million in the first year and then increasing to about \$6.5 million annually by year 5. I will provide you with a hard copy of the BB&E report. Please let me know your preference of having the report delivered to your office or to your home.

I have attached to this email the draft staff report supportive of the consolidation. The report was prepared by me with assistance from John Gross, Rich Anthony, and Bob Dowell. Copies have been given to Tom Modica, Diana Tang, and my Water Commissioners.

As you recall, this concept was considered in 2018 but was suggested for withdrawal by the Water Commission (for reasons not related to the merits of the actual concept). To meet the timeline for inclusion on the November 2020 ballot,

the item has to be considered at a [June 9th](#) meeting of the City Council/Charter Amendment Committee. In 2018, you provided a written letter of support (attached) and **I am hoping you would consider providing a similar letter of support this time as well.** If so, I would need to have the letter in hand by no later than [Friday, June 5th](#).

Three major differences between 2020 and the 2018 effort include: 1) the added urgency created by the pandemic to achieve substantial cost savings 2) the independent expert review provided by BB&E supportive of the concept, including an actual cost savings estimate of several millions of dollars annually, and 3) the full support of the major labor group, ALBE/IBEW.

Here is a link to the PowerPoint presentation provided to the City Council in **2018.** http://longbeach.legistar.com/View.ashx?M=F&ID=6368924&G_UID=FEC53EED-6D13-4ADB-9A54-365719FB177E

After you receive the BB&E report and have a chance to read the attached staff report, I would be available to discuss with you and answer any questions, either by phone or in-person, subject to your preference.

Please understand that the Mayor, while fully supportive of the concept, has not yet made the final decision as to whether he would be supportive of agendizing this matter with the Charter Amendment Committee for consideration. However, that decision should be forthcoming in the next few days. The "face" of this effort would be the City Manager and myself, and I would be responsible to do the legwork.

I appreciate your consideration and, as said above, would be happy to discuss with you either by phone or in person, as you prefer.

Chris Garner
General Manager
Long Beach Water

UTILITY CONSOLIDATION MEASURE

A proposed Charter amendment to consolidate the administration of the City's water utility and the City's natural gas utility under a single utility Commission

Joint Staff Report by:

Thomas B. Modica, City Manager
Harry Saltzgaver, President, Long Beach Board of Water Commissioners
Christopher J. Garner, General Manager, Water Department
Robert Dowell, Director, Department of Energy Resources

With the financial impacts caused by the COVID-19 pandemic, it has become more important than ever for the City to seriously consider internal operation consolidations and reducing duplicative administrative and operational costs wherever possible. In this vein, there have been many discussions over the years regarding the concept of consolidating, under one entity, the oversight and operations of the City's natural gas and water/sewer utilities. The belief is that, not only would a utility consolidation improve both cost and operational efficiencies, it would also enhance utility service deliveries and customer satisfaction.

To gain an independent expert perspective as to the viability of a utility consolidation, a review of the concept was recently conducted by BB&E, a consulting firm that specializes in utility operations, governance, and finances. BB&E reviewed the natural gas utility's and water utility's governance structures, budgets, staffing, long term capital improvement plans, and strategic plans, as well as conducted interviews with the two utility department heads. The BB&E's high-level review supported City staff's analysis and identified substantial opportunities. Some of BB&E's key findings include:

- Estimated initial annual cost savings of just under \$3 million, growing to \$6.5 million annually over the next 5 years.
- A positive impact upon customers including enhanced emergency response, less disruption in the delivery of utility services, and holistic utility rate setting.
- Increased efficiency of operations over time with increased flexibility in resource development and deployment, including personnel and equipment.
- Increased efficiency in the coordination of project delivery of water, sewer, and natural gas pipeline construction, replacement, and maintenance.
- Significant value in consolidating under a single City department, resulting in greater transparency and prioritization in program delivery and policy design.
- A consolidation would create new opportunities for employees in skills development and cross training.

Based on this expert review as well as internal convictions, the City Manager, the Board of Water Commissioners, the Director of Energy Resources (Natural Gas Utility), and the General Manager of the Water Department all concur that such a consolidation would provide benefits

to Long Beach residents, as well as benefits to the effective operation of both utilities. It was determined that those benefits could best be achieved by placing the newly consolidated utilities under the purview of the utility-focused Water Commission, repurposed as the Utilities Commission. The governance model used to oversee the Water Department, the Board of Commissioners, has served the citizens of Long Beach well for nearly 100 years, overseeing a very well respected and well run water utility. The Board's provision of similar oversight over the natural gas utility would likewise provide Long Beach residents with assurance that the governance focus would be on the utilities providing the best quality utility services in the most efficient manner achievable.

DISCUSSION

Over the nearly 100 years of their mutual existence, periodic consideration has been given to the concept of consolidating the City's natural gas and water utilities into one department, under one mutual regulatory oversight body and management. With the utilities having many similar operations and responsibilities, it is sensible to analyze and consider a consolidation.

It is quite common for cities to operate more than one utility in a combined fashion. Examples of major California cities each jointly operating at least two municipal utilities include Los Angeles, San Francisco, Anaheim, Pasadena, Burbank, Glendale, Riverside, and Palo Alto. Each operates and manages its utilities under one department, and under one regulatory body. This combined model benefits the utilities' customers, as well as the utilities themselves, in terms of operational efficiencies, policy consistency, planning coordination, cost sharing, sharing of equipment, coordinated service programs, coordinated infrastructure maintenance and construction, operational feasibility, emergency response capabilities, and minimizing redundancies.

Long Beach is the only California city with two municipally-run utilities that are separately operated, managed, and regulated. The natural gas utility has its rates approved by the City Council, and its Director is hired by, and reports directly to, the City Manager. In contrast, the water utility has its rates and policies set by a five-member independent Board of Water Commissioners (water rates and budget are subsequently approved by the City Council) and its General Manager is hired by, and reports directly to, the Board of Water Commissioners.

Areas of Mutual Interest and Similarities

The City's utilities provide natural gas and water service to the same base of Long Beach residents and businesses, with the natural gas utility also providing services to Signal Hill. The natural gas utility serves approximately 150,000 metered customers, and water utility serves approximately 90,000 metered customers (the bulk of the difference in the number of metered accounts is due to the natural gas utility having a greater number of individually metered customers than does the water utility).

The natural gas utility delivers its commodity through 916 miles of natural gas main pipelines, and another 1,019 miles of natural gas service lines. The water utility similarly delivers its commodity through 946 miles of water main pipelines and 464 miles of water service lines. In

addition, the water utility oversees the maintenance and operation of about 700 miles of sewer pipelines. The combined 4,000 miles of underground natural gas, water and sewer pipelines are predominantly located together in the very same streets. However, currently each utility separately performs street excavations for pipeline maintenance and repairs, causing uncoordinated interactions with each other, and with Public Works. Each utility separately installs and maintains its own meters to measure the commodity as delivered to their mutual customers.

In providing these utility services, the natural gas and water utilities have many similar operations, with the vast majority of these operations being separately staffed and managed by each individual utility.

Some of these similar operations are listed below:

- Pipeline Installation
- Engineering
- Inspection services
- Customer service
- Quality control
- Meter installs
- Meter testing
- Meter reading/AMI
- Utility billing
- Regulatory affairs
- Warehouse
- Purchasing
- Conservation
- SCDA systems
- Customer turn-ons
- Customer turn-offs
- Electrical
- Utility call center
- Accounting
- Personnel administration
- Payroll
- Utility rate setting
- Regulatory compliance
- Pipeline maintenance
- Budgeting
- Accounts payable
- Commodity procurement
- Equipment maintenance
- GIS
- Dispatch
- Legislative affairs
- Cathodic protection
- Welding
- Industry organizations
- Executive administration
- Construction crews
- Emergency response
- Safety
- Security
- Marketing
- Temporary paving
- Permanent paving
- Leak detection
- Planning
- 24-hour system control
- Pipeline repair
- Equipment purchases
- Training

Potential Benefits of Consolidation

Customers

Most residents and businesses of Long Beach are customers of both the natural gas and water utilities. Too often today, these customers must interact separately when dealing with utility matters despite the customer viewing these utilities all being singularly under the control of the City. With a consolidation, customers will hopefully be able to be accommodated with seamless service delivery by one City department for both water and natural gas matters, including customer service requests, billing inquiries, developer submittals, etc.

For the first time, under the Utilities Commission, rate adjustments for natural gas, water, and sewer services will all be considered in a holistic manner by one regulatory entity focused on

utility operations and services. Considering any changes to rates in a collective manner should increase the sensitivity in terms of overall financial impacts to customers. Additionally, customers should gain greater confidence that the interests of ratepayers will be at the forefront and receive proper attention under the consideration of the independent Utilities Commission.

If the consolidation of the utilities leads to, as expected, a more efficient service delivery model and lower operating costs, this will contribute to the utilities continuing to be able to offer low utility rates to Long Beach customers.

Utilities

Currently, the utilities are regulated by two different entities (the City Council for the natural gas utility and the Board of Water Commissioners for the water utility); the heads of the utilities report to two different bosses (the City Manager for the natural gas utility and the Water Commission Board for the water utility), and staff reports to two different department heads (the Energy Resources Director for the natural gas utility and the Water General Manager for the water utility). As such, the coordination and consistency of service delivery between the utilities can be lacking. No other major city in California that operates more than one utility has such a separated governmental model.

With the consolidation of the natural gas, water and sewer utilities, there should be the potential for:

- Increased flexibility in resource deployment, including both personnel and equipment;
- Increased coordination of pipeline construction activities in city streets;
- Greater resources available for emergency response purposes;
- Increased economies of scale should equate to more efficient operations, including support and administrative services; and,
- More consistent policies that are coordinated and prioritized based upon the mutual benefit of the customers and the utilities.

Employees

There are approximately 225-250 budgeted employees in each of the natural gas and water utilities. Of these, well over 100 employees have similar job classifications between the two departments, both in the field and in the office. While there are some job classifications that are unique to each utility due to technical differences, there will be many areas that will provide employees increased opportunities to cross train and learn new job skills, increasing internal promotional paths.

Expectations are that a merger will provide long-term efficiencies, but not have short-term impacts on employees in either of the current departments. Additionally, any consolidation proposal requires meet and confer meetings with the impacted labor groups.

City Council/City Manager/Water Commission

It is expected that Long Beach residents will positively perceive the consolidation of the City's utilities to improve efficiencies and operational coordination. In reviewing utility rates and budgets for their final approval, the City Council will have the increased assurance that both the natural gas and water/sewer rates and budgets will first be vetted by a Commission primarily focused on the needs of the ratepayers and the utilities.

The City Charter's Article XV (Department of Public Utilities) will be melded with Article XIV (Water Department). The intent will be to allow the Powers and Duties outlined in the City Charter that are currently afforded to the Water Commission to be similarly applied, as appropriate, to the new Board of Utilities Commission in its oversight of the enterprise operations of the natural gas, water, and sewer utilities.

The General Manager of the consolidated utilities would be jointly selected by the Utilities Commission and the City Manager. Thereafter, the General Manager would be accountable to and serve at the pleasure of the Utilities Commission. The intent of the joint selection would be to ensure that the General Manager would be someone having not only a background in utility management, but would also have an understanding and appreciation of overall City priorities and objectives, and would work well with the entire City management team.

Currently, the natural gas utility is one of three City enterprises contained within the Department of Energy Resources, the other two being the oil operations and the SERRF waste-to-energy facility, consisting of fewer than 30 City employees. If the gas utility is consolidated with the water utility, the City Manager will consider where to best place the oil and SERRF operations within the organization under his purview. The City Manager will make that consideration, along with other organization changes geared towards efficiencies and cost savings, as part of his overall organizational review during the upcoming budget process and beyond.

Financial Considerations

Per the City Charter, the revenues of both the natural gas and water utilities are separately accounted for in the Gas Fund and the Water Fund/Sewer Fund. The General Fund directly recovers 100 percent of any costs incurred due to services provided to each of these enterprises, including general overhead, insurance costs, and internal service costs for services provided. These provisions would remain unchanged by a consolidation of the utilities.

There are currently some support services for the natural gas utility that involve other funds, services such as technology support, utility billing and collections, fleet services. To some extent, these same support services for the water utility are currently handled internally within the Water Department. With the potential consolidation, some of these support services may (or may not) be conducted in a different manner than they are today, possibly having a positive or negative impact upon the General Fund and some Internal Services funds. Such determinations will only be made over time and there is not expected to be a material financial impact upon any such fund.

The ability (or inability) to transfer funds from the Water/Sewer Funds and the Gas Fund is not impacted in any way by the proposed consolidation.

This staff report was reviewed by Deputy City Attorney Richard F. Anthony on May XX, 2020 and by Director of Financial Management John Gross on May XX, 2020. On May XX, 2020, the Board of Water Commissioners voted 5-0 to ask the Mayor to request the Charter Amendment Committee consider placing the consolidation of the water and natural gas utilities on the November 2020 ballot.

FISCAL IMPACT

A single ballot question placed on the November 3, 2020 ballot is expected to cost about \$XXX,000 with each additional question costing about \$XX,000. If the City Council/Charter Amendment Committee approves placing this item on the November 2020 ballot, the Proposed FY 21 budgets of the Water Fund, the Sewer Fund, and the Gas Fund will include the appropriate proportional estimated cost. The financial impacts of the potential City Charter amendment itself are discussed in the body of this letter.

Respectfully,

THOMAS B. MODICA
CITY MANAGER

HARRY SALTZGAVER
PRESIDENT, BOARD OF WATER
COMMISSIONERS

ROBERT DOWELL
DIRECTOR
ENERGY SERVICES DEPARTMENT

CHRISTOPHER J. GARNER
GENERAL MANAGER
WATER DEPARTMENT

CITY OF LONG BEACH

Consolidation of Water and Gas Utilities Feasibility Report



April 24, 2020

Prepared by:

BB&E

Bell Burnett & Edwards

At the request of the City of Long Beach's (the "City") utilities, Bell Burnett and Edwards ("BB&E") has prepared this Feasibility Report (the "Report") for the City's exclusive use and consideration. The purpose of the Report is: (i) to assess the preliminary feasibility of merging the City's water utility and gas utility into a single, consolidated entity (the "Consolidation"), (ii) to identify certain high-level considerations that the City may want to evaluate in connection with the Consolidation, (iii) to make a preliminary finding as to the potential economic benefit or cost of the Consolidation and (iv) to outline potential next steps should the Consolidation merit further examination.

BB&E is a management and strategic consulting firm serving the utility and transportation industries. We offer an independent development, review and assessment of strategic plans and initiatives by our clients in the private and public sectors. Our team brings an interdisciplinary approach from capital improvements to operations to finance. We draw on the principals' past experience working at the highest levels in the utility, banking and consulting industries. Our approach centers on optimization, increasing efficiency and building sustainability with services designed to enhance our clients' governance, communication, project delivery, resources, and systems integration.

In connection with the Report, BB&E has reviewed information provided by the City. While BB&E does not make representation as to the completeness or accuracy of such information, BB&E's findings are based on our review of the City's Annual Budget FY2020, Budget Summary FY2020 for Long Beach Water, FY2020 Budget Summary for the Energy Resource Department, City of Long Beach Water Department Strategic Plan, summary of overhead allocations by department, and FY2020 Adopted Capital Improvement Program Budget.

In order to reach the preliminary findings herein, BB&E has focused on four primary policy, business and operational considerations. These areas include: i) governance, ii) labor, iii) customer service levels, and iv) budget, operations, maintenance and capital improvements. In the opinion of BB&E, these are meaningful areas to focus on initially and provide reasonable breadth to make a preliminary assessment as to the feasibility and potential benefit or cost of Consolidation.

In reaching the summary of economic benefit or cost, we would also highlight that these estimates are tied to the ultimate implementation plan of any Consolidation. The speed, breadth and timing of any changes resulting from Consolidation will impact the level and timing of any potential savings, and actual result may vary. How the City elects to capture any inefficiency, what corresponding organizational changes may or may not be implemented and the timing of any re-purposing and attrition associated with these changes will all meaningfully

impact the ultimate economics of Consolidation. Some changes may be faster or easier to implement and some may take more time. Not all changes will have commensurate economic or organizational value. In order to address this timing consideration, the Report provides a range of economic benefit by estimating short-term impacts, which are assumed to be more modest and immediate, and long-term impacts, which are assumed to grow over time and be realized over the next five years as the City learns from and reacts to the potential Consolidation.

This list of considerations is not intended to be exhaustive or all inclusive, and additional work may be necessary to expand on the preliminary findings of the Report, including identification of any additional stakeholders that may be impacted by the Consolidation, additional detailed analysis to confirm the preliminary cost and benefit estimates, and expanded analysis should additional policy, organizational, cultural, operational and financial considerations merit further study.

Consolidation is a large and complex undertaking. There will be meaningful and significant organizational, cultural, operational and financial considerations. The City will need to carefully develop and implement a detailed plan for the Consolidation that takes these factors into consideration. The timing and effectiveness of this plan will govern the success of the Consolidation. Assuming the successful deployment of this plan, BB&E believes it is reasonable to assume significant benefits for the gas, water, and sewer customers, the utilities themselves, and the City. It is further reasonable to assume that these benefits will be realized in policy design, governance, operations, capital programming, and finance and will meaningfully increase over time.

The two most significant benefits in our opinion will surround customer service and governance. While these benefits are harder to quantify economically, we would suggest that they may be the most impactful. Having a single regulatory body governing decisions, priorities and rate setting should not only create greater transparency, oversight, consistency, and efficiency, but also enhance customer service. The City's customers can expect better communication, a better ability to voice concerns and a transparent rate setting process based on a holistic approach. Service delivery should be improved over time, while utility pipeline street work will be better coordinated so as to be less disruptive to the streets and traffic in Long Beach neighborhoods. Regardless of the potential economic value, consistent and holistic policy development should meaningfully enhance customer service, and this potential benefit of Consolidation is arguably the most valuable.

Based on our review of the information provided, BB&E believes it is reasonable to assume that there will be benefits from the Consolidation, and these benefits will be governance, service, financial, operational and capital related.

BB&E makes the following findings:

- From a governance perspective, we believe that there is significant value in consolidating under a single City Department, and it is reasonable to assume more efficient and streamlined operations over time, with greater efficiency, transparency and prioritization in program delivery, policy design and rate setting.
- From a labor perspective, we believe that it is reasonable to assume that cost savings will not need to rely upon any initial labor reduction and that any changes to the labor force will be driven by attrition and re-purposing over time. Further, we believe that Consolidation will create new opportunities for employees in skills' development and cross training that will be beneficial by increasing mobility and career advancement opportunities.
- From a service perspective, we believe that it is reasonable to assume that there will be no negative and only positive impact on customers, subject to the governance and organizational management of any Consolidation. This benefit will be realized from holistic utility rate setting, less disruption in the delivery of services, and enhanced emergency response, among other factors.
- From a budget perspective, financial benefits include cost savings over time. From an operating and maintenance perspective, we believe it is reasonable to assume increased efficiency of operations over time with increased flexibility in resource development and deployment, including personnel and equipment. We estimate modest initial cost savings of \$2,750,000, growing to \$6,500,000 over the next 5 years, depending on the speed and course of implementation. Further, there should be increased efficiency in the development and deployment of capital resources, including the coordination of project delivery in regard to pipeline construction, replacement and maintenance.

We believe it is reasonable to assume that the City will accrue significant benefits from a governance perspective through Consolidation. This is not to say that the current governance structure has been problematic or ineffective. In contrast, the City's utilities have delivered high level customer service. While less quantifiable, we believe as a qualitative factor that governance can only be improved by consolidating leadership. We believe it is reasonable to assume that there are two areas where there could be potential enhancements in governance. The first is the consolidation of governance under a single City Department, rather than today's dual but separate governance of the City Manager overseeing the gas utility while the Water Board of Commissioners separately oversees the water and sewer utilities. The second is the consolidation of the utility enterprise funds under a single Utilities Commission, overseeing the utilities and accountable to the customers and ultimately to the City Council.

Potential improvement in governance comes from setting clear and integrated policies, priorities and implementation in program design and execution. While the City Council will remain as the ultimate regulatory body governing the utilities' budgets and rates, a Utilities

Commission can provide a holistic approach to customer programs and alignment of priorities. Utility rates will not be set separately under different policy frameworks, and just as customers receive a single utility bill, rates will be set on an integrated basis with overall household cost impacts being a meaningful component of policy decision making.

Streamlining processes by consolidating under the Utilities Commission structure should also reasonably lead to process efficiencies, as well as making clear the bright line between policymakers and administrators. It should allow the policymakers additional time to consider the will of the public as opposed to dealing with incremental administration issues. The City Manager, on a daily basis, oversees and manages major operations involving police, fire, parks and recreation, libraries, public works, health, and other services offered to Long Beach residents and most recently, responding to the COVID-19 crisis. It is understandably unrealistic, and inappropriate, to expect that the City Manager also provide anywhere near a similar level of oversight of the City's gas utility despite its provision of a critical service to virtually every Long Beach resident and business. In contrast, the current Water Commission provides policy oversight solely focused on the City's water utility and the services it provides. A Utilities Commission, by definition, should provide both an additional buffer and filter for the City Council in reviewing the issues specific to the operations and direction of the utilities.

A Utilities Commission is arguably better for customers as well. Just as the Utilities Commission becomes a central point for reviewing and vetting utility-centric issues, customers know that they have a governing body that is focused on the priority issues of the utilities. There is now a single place for residents to raise questions and voice concerns that are utility specific.

Similarly, having operations consolidated under one City Department should allow for operational efficiencies over time as business and administrative functions are reviewed. Given internal service allocations and transfers of revenues, having one City Department oversee the totality of operations and costs should help rationalize these costs and allocations because Consolidation will give the City the opportunity to consider broader utility organizational changes over time. The current organizational structure of the entity as whole does potentially lend itself to greater efficiencies with a Consolidation. Given additional process and workflow reform, there may be opportunities for increased efficiencies or potential re-purposing over time in administration, clerical, procurement, information services, security, customer service, warehousing, fleet, AMI, finance and analysis groups, depending on a more detailed analysis of their job functions and as the City learns from and reacts to lessons learned as Consolidation is implemented.

It is also worth noting that consolidated utilities are a strategy that other municipalities have used to great success and many of the potential benefits for the City have been realized elsewhere. It is common in other California cities to have utility services combined into one operation. For example, in Southern California alone, the cities of Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon all operate combined electric and water utilities. This is not to discount the need for distinct operational and accounting separation. However, each of these communities has been able to realize the

benefits in rate setting, operations and policy development from a consolidated governance structure.

One reason that these communities have been successful with consolidated utilities is because some level of business and operational functions typically appear in multiple areas of an organization. In our experience, it is reasonable to assume that efficiencies could be gained by Consolidation over time, even via the historical attrition rate of 5% and organizational repurposing as circumstance warrant. These potential efficiencies would have to be tempered by operational requirements and by a class specification review to ensure impacted classifications could, in fact, be combined without a restructuring under the current rule set, subject to meet and confer discussions involving the appropriate organized labor groups. Further, a market analysis of those potentially consolidated positions may be considered to ensure general market parity employee retention and employee attraction

One key consideration in the success of any Consolidation is the potential impact on the City's water, sewer and gas labor force. Importantly, the Report assumes that there will be no reduction in the labor force resulting from the Consolidation other than assumed attrition over time. Without the need to have the projected economic benefit of Consolidation predicated on an assumed reduction in the labor force, we believe that it is reasonable to assume that employees can benefit from the Consolidation. This benefit is assumed to result from the ongoing and increasing cross fertilization of the business lines.

A consolidated entity should provide existing employees with various opportunities in job and skills training and career advancement. The very nature of the Consolidation should promote the benefit of skills diversification, and indeed, the City should welcome and proactively promote greater training and corresponding career advancement for employees. This will result in more efficient operations, a healthy culture, greater employee retention/attraction and the highest level of customer service. As employees, or some subset, grow their skills to cover potentially different enterprises, it will only make them more valuable to the City, and we would expect that an increase in value will similarly lead to an increase in compensation over time.

In terms of expected attrition, we believe it is reasonable to assume 3% to 5% moving forward. Total personnel related costs are approximately \$54 million based on the FY20 Budget. Depending on actual attrition rates, this would result in short-term saving (years 1-2) of \$0.5 million, growing to \$1.6 to \$2.7 million within 5 years. In our experience this is a conservative estimate as once labor and management buy into the potential benefits of Consolidation, they both realize that the efficiencies actually make their jobs easier, less bureaucratic and with greater opportunity for advancement.

We believe it is desirable to integrate the work force directly into the discussion about any merits or concerns they might have resulting from Consolidation . Our experience is that employees will have direct and actionable ideas on where best to extract efficiencies in operations, maintenance and capital delivery. We further believe that the organized labor unions can be a tremendously effective advocate and their support should be welcomed.

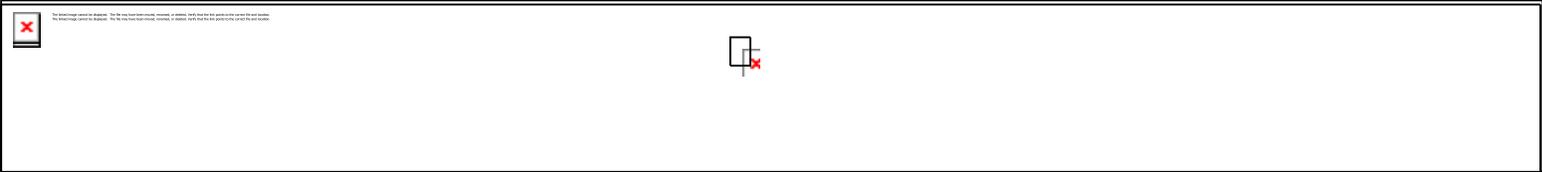
The underlying premise and requirement of any Consolidation is that customer service will be improved. The City will continue to provide exemplary customer service and in large part, the Consolidation is intended to be invisible to the customer. That said, to the extent that the City can identify areas where greater efficiency can be extracted, we believe it is reasonable to assume that the customer experience will benefit over time. This benefit comes from better coordination and streamlining of services in many of the areas that touch customers each day, including the call center, billing and payments, on site customer calls and the delivery of capital projects in the customers' neighborhoods. Given these areas, we believe it is reasonable to assume that customer service can be positively impacted over time.

The City has identified areas of similar operations between the gas and water utilities that may present the opportunity for greater efficiency and the potential for cost savings. These include the following:

- Pipeline Installation
- Engineering
- Inspection services
- Customer service
- Quality control
- Meter installs
- Meter testing
- Meter reading/AMI
- Utility billing
- Regulatory affairs
- Warehouse
- Purchasing
- Conservation
- SCDA systems
- Customer turn-ons
- Customer turn-offs
- Electrical
- Utility call center
- Accounting
- Personnel administration
- Payroll
- Utility rate setting
- Regulatory compliance
- Pipeline maintenance
- Budgeting
- Accounts payable
- Commodity procurement
- Equipment maintenance
- GIS
- Dispatch
- Legislative affairs
- Cathodic protection
- Welding
- Industry organizations
- Executive administration
- Construction crews
- Emergency response
- Safety
- Security
- Marketing
- Temporary paving
- Permanent paving
- Leak detection
- Planning
- 24-hour system control
- Pipeline repair
- Equipment purchases
- Training

Many of these areas impact customers on a day to day basis. As straight forward as it seems, coordinating project delivery can be hugely impactful for residents. Disruptions in the streets and in front of customers' homes can be minimized. Consolidating functions can lead to greater efficiency in the delivery of customer service. For example, as the labor force diversifies

and builds its skills sets, it can only enhance the utilities response for both normal and emergency circumstances. To the extent that any of these efficiencies ultimately lead to cost savings, it will only help to provide enhanced customer service and/or rate setting.



One important consideration in evaluating the feasibility of the Consolidation is looking at the budget for the respective enterprises. Specifically, we can look at the different categories within the FY20 budget to see where potential savings might accrue in operations, maintenance and capital improvements. This gives the City the ability both to evaluate the magnitude of the potential opportunity and to frame the likelihood of success in realizing any benefit.

For purposes of this report, we have focused much of the budget evaluation on the entire Water Department ("Water"), which currently includes both the water and sewer operations, but for the Energy Resources Department, the enterprise functions of oil and SERRF were excluded so as to focus on the gas utility operation ("Gas") along with any other utility support functions. Water expenditures (including sewer) for FY2020 are projected at \$156.3 million. These expenditures are broken out into 12 categories as outlined below:

<u>Category</u>	<u>f 2020 Budget (\$000)</u>	<u>% of FY 2020 Budget</u>
Gen Fund Transfer	14,772	9%
Alamitos Barrier	1,069	1%



The magnitude of any savings will be dependent on how much, if any, of these Water costs are duplicative with Gas and what kind of efficiencies might be extracted from taking a joint approach to resource procurement and deployment.

Energy Resource Department Fund expenditures for FY2020 are projected to be \$233.8 million, which includes roughly \$90 million for Gas with the balance related to the City's oil and SERRF enterprises. We have focused on the Gas expenditures as that is the utility enterprise being considered for consolidation with Water. From the Gas expenditures, we can break out in more detail by use of funds within the adopted FY20 Budget. Using a similar methodology to the Water Fund, we note that approximately 13% or \$12.0 million of the FY20 Budget for Gas relates to materials and supplies and contracts/outside services.

	<u>GASFUND</u>	
<u>Category</u>	<u>FV2020 Budget (\$000)</u>	<u>% of FV2020 Budget</u>
Personnel	22,153	24%
Utilities	256	<1%
Gas purchase, sale, storage and Transmission	31,490	34%
Contracts/Outside Services	10,795	12%
Materials and Supplies	1,195	1%
Debt Service	1,420	2%
Interdepartmental Charges	11,307	12%
Transfers	12,801	14%
Total Expenditures	91,419	100%

We believe it is reasonable to assume that joint services such as administration, finance, warehouse/purchasing and the use of outside services/contracts will produce some efficiencies. This is not to say that all of these expenses are duplicative, and indeed, we understand that many of these services and supplies are essential in continuing to provide exemplary customer service. However, the different departments do separately spend on materials and services in the same areas, and the question would be if some level of greater efficiency could be extracted through joint procurement, economies of scale benefits, and/or coordination of delivery. Potential examples that may merit additional evaluation include paving, landfill, construction and building contracts, machinery and equipment repair, software maintenance, fleet purchasing and maintenance, customer service and call center, temp staffing, office supplies and memberships.

It is also worth noting that the operational and technical requirements of each of the utility enterprises are distinct. Water handles its own fleet procurement and maintenance while Gas relies upon the City's Fleet Services, under the Department of Financial Management, for its procurement and fleet maintenance. However, even without consolidating fleet services on a wholesale basis, there may be areas of procurement or routine maintenance that might be valuable candidates for cost savings without negatively impacting the delivery of services or the

operations of the respective enterprise. Another example might be in billing and collections or other traditional back office functions. Key will be having a holistic view as to business functions and seeing what areas over time, or even subsets of existing business functions, offer the best opportunity for increases in efficiency and cost savings.

On a short-term basis, if the City could realize 5% in savings from jointly procuring outside contracts and services (\$15 million), this could result in \$750,000 in savings based on the FY2020 Budget with an objective to grow these savings to realize 10% greater efficiency or \$1.5 million over the next five years. If the City was able to realize a 5% efficiency in the joint budget for materials and supplies for the Gas, Water and Sewer enterprises (\$10 million), this could result in approximately \$500,000 in savings based on the FY2020 Budget, growing to 10% or \$1,000,000 over the next five years.

We have also taken a preliminary look at the Capital Improvement Programs for the different utilities. Water and Sewer are projecting FY20 capital expenditures of \$30.7 million with water at \$25 million and sewer at \$5 million. Gas is projecting capital expenditures of \$8 million. Importantly, this is not to suggest that these expenditures are duplicative or the need for or prioritization of capital expenditures would change under Consolidation. It is to note, however, that one significant expenditure category of all three enterprises is to replace aging infrastructure.

We believe that it is reasonable to assume that the coordination of water, sewer, and gas pipeline projects will result in efficiencies and cost reduction. Gas estimates approximately \$16.8 million in the FY2020 Budget for pipeline construction and maintenance (inclusive of emergency response and cathodic protection and corrosion control), and Water is projecting \$3.8 million in pipeline improvements, replacement and repair. A 5% benefit coordinating pipeline construction and replacement could result in \$1 million in savings based on the FY2020 Budget with the objective to grow this efficiency over time to 10% or \$2 million.

In addition, the benefit of coordinating pipeline projects is not tied solely to reducing costs by tearing up and replacing the streets fewer times. Better coordination of these services results in greater resident satisfaction since project work is performed all at once instead of piecemeal. The underground nature of replacing pipelines puts a premium on coordinating delivery of these projects so the street dislocation and repair as well as resident impact are all minimized. Regardless of any potential cost savings, the potential benefit to residents of minimizing dislocations is hugely impactful. As with all utilities, residents want their utilities to work, be cost effective and not impact their day to day lives. Coordinating project delivery is a key component of customer satisfaction and can only benefit from Consolidation.

Overall assessment of any financial cost or benefit from Consolidation. We would again caution

that these are estimates predicated in the ability to extract greater efficiency through joint resource planning, procurement and deployment, and actual results may vary.

We would also highlight that these economic estimates are only one component of the broader list of potential benefits - some of which may be arguably more important - that we have presented in our findings. We have not calculated a value on any benefits to governance in terms of policy and program design, customer service or skills training and career development for employees, but all of these benefits are real and meaningful. Having a unified management structure can only help the City in making coordinated and informed decisions about resource deployment and in meeting the City's mission to provide exceptional service to its customers and residents. We believe it is reasonable to assume that the benefits in terms of governance and ultimately customer service may be the most impactful considerations, regardless of any potential economic savings.

There are considerable variables that will impact the level and timing of the actual results, not the least of which how any plan for Consolidation is developed and actually implemented. How the City elects to capture any inefficiency, what corresponding organizational changes may or may not be implemented and the timing of any re-purposing and attrition associated with these changes will all meaningfully impact the ultimate economics of Consolidation. Some changes may be faster or easier to implement and some may take more time. Not all changes will have commensurate economic or organizational value. In order to address this timing consideration, the Report provides a range of economic benefit by estimating short-term impacts, which are assumed to be more modest and immediate, and long-term impacts, which are assumed to grow over time and be realized over the next five years.

We have identified certain areas that may yield greater operational flexibility and efficiency and would further caution that additional and more detailed analysis may be warranted to vet and refine these estimates, especially given the detailed and distinct technical nature of the different enterprise funds. Our forecast for reductions in personnel costs do not assume any change in labor other than through attrition over time. We do believe that these estimates are illustrative and supportive of the broader trends and conclusions that can be drawn in regard to the potential Consolidation. A summary of the estimated economic benefit is found below.

	<u>EST. POTENTIAL SAVINGS</u>	<u>EST. POTENTIAL SAVINGS</u>
<u>CATEGORY</u>	<u>SHORT-TERM</u>	<u>OVER NEXT 5 YEARS</u>
Personnel	\$500,000	\$2,000,000
Contract/Outside Services	\$750,000	\$1,500,000
Operations and Maintenance	\$,500,000	\$1,000,000
<u>Capital Improvement Program</u>	<u>\$1,000,000</u>	<u>\$2,000,000</u>
TOTAL	\$2,750,000	\$6,500,000

CONCLUSION

In conclusion, the Consolidation is a large and complex undertaking. There will be meaningful and significant organizational, cultural, operational and financial considerations. Should the City decide to move forward, it will need to carefully develop and implement a detailed plan for the Consolidation that takes these factors into consideration. The timing and effectiveness of this plan will govern the success of the Consolidation. Assuming the successful deployment of this plan, BB&E believes it is reasonable to assume significant benefits for the City, the utilities and its customers. It is further reasonable to assume that these benefits will be realized in policy design, governance, operations, capital programming, and finance and will meaningfully increase over time.

If the City elects to proceed with evaluating the Consolidation further, BB&E recommends that the City consider:

- Updating and expanding the Report as needed to include: i) the identification of any additional stakeholders that may be impacted by the Consolidation, ii) additional detailed analysis to confirm the preliminary cost and benefit estimates, and iii) expanded analysis should additional policy, organizational, cultural, operational and financial considerations merit further study.
- Evaluating the potential benefit of retaining a workflow processing consultant. The objective would be to conduct a comprehensive review of joint business functions to identify where resources could be potentially re-programmed over time while maintaining or improving customer service levels. As but one example, we have experience with utilities who found that work process flow analysis discovered where many more employees were "touching" a document than were needed, resulting in unnecessary time and expenditure.
- Developing a Utility Consolidation Implementation Plan ("UCIP") that would: i) detail required steps for the Consolidation, ii) outline milestones for implementation and iii) lay out the timing of each step and milestone. The goal of the UCIP would be to develop a transparent plan to build stakeholder consent and a clear blueprint for the implementation of the Consolidation.

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1111

Sent: Michael Gagan <mgagan@kindelgagan.com>
Wednesday, November 16, 2016 8:04 AM
To: Laura Doud
Subject: RE: Information on Measure MM, Prop 64 (AUMA), and Measure MA Memo

Hi Laura:

You are right to be vigilant. At least the recreational marijuana doesn't kick in until January 1, 2018, giving the City a year's experience on the medical marijuana side. I seem to recall some (out-of-date) numbers on the inspection and enforcement costs, so I would expect financial management to develop current numbers soon for the medical marijuana ordinance and eventually for the recreational marijuana law. Many jurisdictions had tax measures on the ballot in the event the Prop 64 recreational marijuana initiative passed and I can start doing some comparisons of tax rates. I know some jurisdictions (like Carson) made the rate very high so as to discourage marijuana cultivation or retailing in their city.

In any case, no City should lose money or otherwise subsidize what in my view is an inherently destructive industry ripe for cartels and organized crime (sorry for the editorial!)

Cheers!
Michael

From: Laura Doud [mailto:Laura.Doud@longbeach.gov]
Sent: Tuesday, November 15, 2016 5:52 PM
To: Michael Gagan <mgagan@kindelgagan.com>
Subject: FW: Information on Measure MM, Prop 64 (AUMA), and Measure MA Memo

Hi Michael,

I hope all is going well for you. I wanted to share the attached memo from the City Manager to the Mayor and Council regarding the measures that passed last week regarding the sale of medical and residential marijuana and the tax that passed in relationship to these Measures. My question centers around the City's ability to tax the sale of marijuana to ensure that we are taxing enough to cover our costs. I'm not sure how we would exactly do this but I think it is something that should be on my radar. I know it is up to Financial Management to analyze and report on the estimated costs to the City, but I haven't seen any numbers yet.

I welcome any thoughts that you may have regarding what type of role our office should have in this.

Thank you - talk soon,

Laura

From: Anne Kearby
Sent: Wednesday, November 09, 2016 3:02 PM
To: CM - City Manager Department Heads <CM - City Manager Department Heads@longbeach.gov>; Charles Parkin

<Charles.Parkin@longbeach.gov>; Douglas Haubert <douglas.haubert@longbeach.gov>; Laura Doud
<Laura.Doud@longbeach.gov>
Cc: Annette Cox <Annette.Cox@longbeach.gov>; Sherri Seldon <Sherri.Seldon@longbeach.gov>; Pam Watts
<Pam.Watts@longbeach.gov>
Subject: Information on Measure MM, Prop 64 (AUMA), and Measure MA Memo

Please see the attached memo.

Thank you-
Anne

Anne Kearby
Executive Assistant to the Assistant City Manager
City of Long Beach
333 W. Ocean Blvd., 13th Floor
Long Beach, CA 90802
562-570-5190
anne.kearby@longbeach.gov



1111

Sent: Michael Gagan <mgagan@kindelgagan.com>
Thursday, October 4, 2018 9:14 AM
To: Laura Doud
Subject: LB Auditor AAA Audit Draft Report 8.20.18.docx
Attachments: LB Auditor AAA Audit Draft Report 8.20.18.docx

Importance: High

Hi Laura:

I think the audit puts the emphasis in the wrong place. It is almost as if it is second-guessing the projects themselves and questioning why or how they were "prioritized." The emphasis should be on the use of the "extra work" provisions of the AAA contract --- regardless of which projects were prioritized and why. Those are policy questions that should be beyond the scope of the audit. The attached first draft of edits tries to shift the emphasis.

Additionally, and a more important point I think: For a contract that really goes back to 2013, why do we limit the examination of the extra work provisions of the AAA contract to a relatively narrow period of time (between April and December 2017)? Why look at just a few months and a few projects?

Additionally, it seems to me that a potential major recommendation is missing: City contracts should not have such open-ended provisions that allow or even invite departments to sidestep contracting standards and guidelines, except in genuine emergency situations where public health and safety are at risk.

Also, and maybe I have it wrong: doesn't Public Works have an on-call list of contractors who went through a bid process to get on the list? Why use AAA, an asphalt production and street paving company, to perform work they are not capable of performing? AAA had to find and use contractors who knew how to do the work. Why let AAA select the contractors? Can't the City do that with its on-call list, and still save time?

Anyhow, after you have a chance to look at this, let's talk.

Thanks!
Michael

All American Asphalt Annual Street Improvement Contract Audit



The contract was used to execute \$3.2 million in "special" projects, which bypassed bypassing City purchasing guidelines meant to ensure the best value at the lowest cost.

Independence you can rely on

September 2018

Laura L. Doud

City Auditor

Hannah Morgan

Performance Audit Manager



Table of Contents

Executive Summary..... 1

I. Findings & Recommendations ;!2

Finding #1 \$3.2 million of the \$12.6 million (25%) spent between April and December 2017 under AAA's Annual Contract for Street Improvements was billed as extra work, which represents services outside of set contract pricing. Projects completed as extra work under the contract circumvented standard City purchasing guidelines1,2-

Finding #2 No review of billing accuracy was done for extra work projects. \$XXXX in overcharging due to incorrect markups was identified. Zè

Finding #3 Not all price changes that occurred during AAA's tenure as the as-needed contractor (2013 to present) were officially adopted. Pricing overlapped time periods and contract allocations.....2_8

Finding #4 Based on the documentation retained in the project files, it was not possible to determine if all work performed was accurately paid for and up to quality standards109

II. Background 12-1-4

III. Objective, Scope, and Methodology 1342

IV. Appendices 1443

Appendix A. Management Comments

Executive Summary

The City has committed significant resources in recent years to street repairs and improvements throughout its nine districts. Since 2013, All American Asphalt (AAA) has been the contractor of the as-needed Annual Contract for Street Improvements. The current as-needed contract was awarded in May 2017, the company was awarded the current as needed contract worth it is valued at \$40 million per year, which and is in effect until April 2019, with a City option to renew for one additional year.

Annual street improvement programs, such as reconstruction and resurfacing of arterial roads and residential streets, are completed by AAA, are overseen by the Department of Public Works (Department) and funded with the help of a variety of sources, including Measure A. After Measure A was approved by voters in 2016, the City allocated \$17.5 million in 2017 and \$14.3 million in 2018 for street programs. Measure A funds will continue to benefit the City for the next eight years. This influx of funds for street improvements stressesunderscores the need for the City to have clearly defined procedures and feF-controlste-be-in place to ensure that the public is getting the most value for its investment.

Our audit coveredexamined pricing, quality, and tRe-extra work performed under the bidding process of the AAA contract, as w# as|coking at extra work performed under the contract. We found only minor improvements needed surroundingin the administration of the annual street improvement work; however, the audit found more significant issues surrounding the use of the extra work provisions of the AAA contract, projects completed.

The urgency need to expedite projects led to the Annual Contract for Street improvement to be used for extra work projects rather than going through the normal purchasing process.

~~Influenced by an urgency to complete the special, extra work projects quickly,~~ the Department utilized the extra work provisions of the AAA as-needed contract ~~to execute these projects outside of the specifications and pricing of the contract in order to execute projects quickly~~. While the contract allowed extra work, the special projects implemented by these provisions were beyond the intent of the contract, were not fully planned prior to commencing, and included incorrect markup costs that led to overcharges. In addition, by using AAA's as-needed contract for these special, extra work projects, the Department avoided City purchasing guidelines related to procurement activities. In a nine-month period in 2017, the City paid AAA a total of \$3.2 million for extra work.

The more minor contract management issues that were identified include:

- City Inspectors should document support for paid contract work, and
- Contract prices and corresponding time periods should be clearly communicated.

We recommend that pricing, not just speed, isbe considered when completing extra work projects. Procurement for these special projects should follow purchasing guidelines by requiring quotes from multiple contractors or going to

bid separately. Overall, the Department needs to be able to guarantee that the City received§ the best value and/or lowest price on all projects.

We thank the Department staff for their assistance and cooperation during this audit.

I. Findings & Recommendations

Finding #1 *\$3.2 million of the \$12.6 million (25%) spent between April and December 2017 under AAA's Annual Contract for Street Improvements was billed as extra work, which represents services outside of set contract pricing. Projects completed as The use of the extra work provisions of under the contract circumvented standard City purchasing guidelines.*

AAA's as-needed Annual Contract for Street Improvements (as-needed contract) allows for extra work or materials to be provided. Extra work is any additional service, material, or equipment provided by the contractor that is not included in the set list of contract items. The as-needed contract does not set restrictions on the dollar amount or scope of the extra work allowed, but does require quantities and prices to be agreed upon in writing prior to the commencement of work. Extra work is billed at time and material costs plus additional markups allowed by contract specifications.

From April to December 2017, AAA worked on various extra work projects¹ totaling \$3.2 million, under the as-needed contract. The ~~types of~~ projects are summarized in Figure 1 below.

Figure 1.
AAA As-Needed Contract Expenses
April - December 2017

Description of Work/Project	Total Spent	Contract Items	Extra Work Items
Extra Work Projects:	\$ 2,335,174	\$ 106,105	\$ 2,229,069
Renovation			
Storm Drain/Pump Station Repairs	\$ 819,050	\$	\$ 819,050
Beach Stairway Replacement	\$ 182,695	\$ 32,948	\$ 149,747
Bike Lanes (Bollards and Striping)	\$ 148,807	\$ 19,143	\$ 129,664
Street Archway Sign	\$ 101,911	\$	\$ 101,911
Grand Prix Clean-Up	\$ 29,768	\$	\$ 29,768
Crosswalks	\$ 28,564	\$	\$ 28,564
Sidewalk Curb Ramp Program	\$ 10,443	\$	\$ 10,443
Park Clean-Up and Repairs	\$ 9,743	\$	\$ 9,743
Beach Parking Lots Rehabilitation	\$ 8,869	\$	\$ 8,869
Contract Related Projects:	\$ 10,245,852	\$ 9,272,689	\$ 973,163

A. Defining Extra Work

Since the as-needed contract does not explicitly define or restrict extra work projects, we interviewed Public Works Department staff to establish how it determined which extra work projects were to be completed by AAA.

¹ Our Office considered projects that consisted of over 80% non-contract items to be extra work projects.

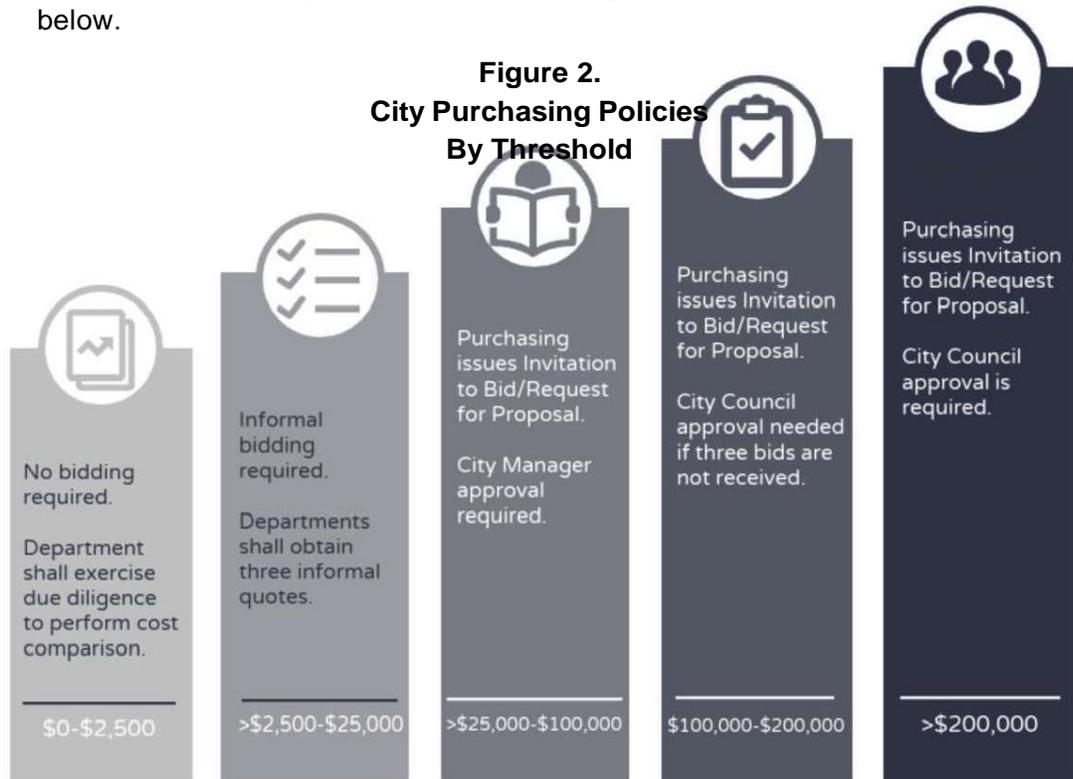
Department staff indicated that the extra work projects performed by AAA should be for small (staff defined small as under \$500,000 in costs) and emergency projects. However, this was not always the case.

- Only two of the seven extra work projects we reviewed were for emergency work. These were for pump station repairs to critical infrastructure that keep residents safe. The other five projects were for decorative street crosswalks and signage, landscaping, and bike lanes.
- One project for median landscaping was an extra work project costing almost one million dollars. As of December 31, 2017, AAA had been paid \$995,325 for this project.

B. Prioritization and Purchasing Policies

~~Department staff explained that executing these large and non-emergency projects through the as-needed contract was driven by the urging of the community and City officials to complete projects quickly. Project Managers are asked to prioritize getting projects done quickly over other considerations, such as getting the 'Nork for the D'Nest prize.~~

Using the as-needed contract allows for the Department to move projects along more quickly because it bypasses can be done more quickly than would be the case with standard City purchasing policies. These purchasing policies stipulate various procurement approvals and requirements, including formal or informal bidding, depending on the total project cost. These requirements can delay the start of projects. These purchasing policies are outlined in Figure 2 below.



Some of the extra work projects WGShould have required a formal bidding process under City purchasing

The dollar value of each extra work project identified in this audit weraas above \$2,500 and, therefore, wshould have required some form of competitive bidding, whether formal or informal. At least six projects were above the \$25,000 threshold, requiring an Invitation to Bid or Request for Proposal to be sent to potential vendors. While exceptions to purchasing guidelines can be requested, an explanation for why the project cannot be procured using a competitive bid process must be provided. In addition, exceptions must be approved by City purchasing personnel or the City Manager, depending on the cost.

C. Establishing Project Pricing and Scope

Another consequence of pushing projects through quickly is that some projects are started without full plans in place. Department staff stated that although required by the contract, the pricing and scope of extra work projects were not always agreed upon prior to the commencement of work. When this occurs, there is always the possibility that the cost and/or scope of the project may increase more than originally expected.

D. Cost of Work

In addition, there are cost considerations when using the as-needed contract instead of receiving multiple bids on a project. Because these special projects were not procured through a competitive process, it is not possible for the City to know if they received the best price. Project Managers were not able to say that the lowest price or best value was received on these projects.

Since extra work is billed a-ton a time and materials basis with allowable markups, AAA and its subcontractors understood that they would be paid for however many hours it takes for the work to be completed. Furthermore, AAA frequently relvied on subcontractors to execute the extra work projects because either AAA was occupied performing annual street improvement work or the extra work projects were outside of AAA's expertise.

- AAA used a total of 66 subcontractors to complete the seven extra work projects we reviewed. The number of subcontractors used on each project ranged from one to thirty.
- Allowed markups can be up to 31% on top of the cost of the work. Figure 3 on the next page illustrates an invoice example with a 6% markup on work for deecorative crosswalks.

**Figure 3.
Example Invoice (Costs and Markups)**

Invoice Item	Amount Paid
Cross Walk Removal and Painting	\$ 26,696.00
AAA 10% Markup (applied to first \$5,000)	\$ 500.00
AAA 5% Markup (applied to remaining costs)	\$ 1,084.80
AAA 1% Bond Premium	\$ 282.81
Total	\$ 28,563.61

By using the as-needed contract to purchase equipment the City paid \$6,213 more than if it had purchased the equipment directly.

- One extra work project was used as a "pass-through." In other words, AAA paid for bike bollards on the City's behalf. Rather than purchasing the bollards directly, the City paid \$108,904 for \$102,691 worth of bollards (an excess of \$6,213) due to a 5% mark-up and a 1% bond premium surcharge paid to AAA, as shown in Figure 4 below. The AAA contract was used as a way for the City to pay for these bollards from a pre-selected vendor without executing a separate contract, which would have required a competitive solicitation process.

**Figure 4.
Amount Paid for Bike Bollards**

Invoice Item	Amount Paid
Bollards (inc . sales tax)	\$ 102,691.41
AAA 5% Markup	\$ 5,134.57
AAA 1% Bond Premium	\$ 1,078.25
Total	\$ 108,904.23

It is important that the City ensures that the best value is received and the lowest price is paid for the projects completed. Department staff was unable to attest that utilizing the AAA contract in this manner resulted in the best value and lowest price, because the emphasis was on the speed of project completion and not on cost and value.

Recommendations:

- 1.1. **Explore other options of getting extra work projects completed within time constraints. At a minimum, quotes should be obtained to be able to compare across bidders to ensure lowest pricing is considered.**
- 1.2. **Finalize scope of work before a project begins.**

- 1.3. Develop guidelines that spell out the circumstances in which an extra work project can be assigned to AAA or similar as-needed contractor.
- 1.4. The Department and City officials need to communicate their priorities surrounding special projects, such as emphasizing speed over cost. This should include discussion on the consequences of the current priorities and what that means for how projects get completed.

Finding #2

No review of billing accuracy was done for extra work projects. \$XXXX in overcharging due to incorrect markups was identified.

Invoices and supporting documentation must be reviewed to ensure that the City is paying the correct amount for the services provided and that applicable contract specifications are being followed.

For extra work projects, the Inspector, Project Manager, and Administrative Analyst positions are all involved in the payment process. However, none of these parties said they were reviewing backup documentation to ensure that it matched what was invoiced and adhered to contract specifications. There is no clarity regarding whose responsibility it is to check for billing accuracy.

No staff are reviewing extra work invoice backup. There is confusion surrounding who has this responsibility.

Extra work is billed at time-and-materials with the following markups allowed for both AAA and subcontractors:

For AAA-performed extra work, the City can be charged **feF.-**

- **A** 20% markup for labor and 15% markup for materials and equipment by AAA
- **A** 1% surcharge for AAA's bond premium

For subcontractor-performed extra work, the City can be charged **-feF..**

- **A** 20% markup for labor and 15% markup for materials and equipment by the subcontractor
- **A** 1% surcharge for the subcontractor's bond premium
- **fl.** 10% markup on the first \$5,000 and 5% markup on the remaining costs by AAA

The audit found that the incorrect application of these allowed markups resulted in overcharges to the City for extra work. See Figure 5 on the next page, which illustrates an example of how markups were incorrectly applied. This one invoice represented eight bills totaling \$27,535.73 paid by the City. The total amount overcharged on this invoice was \$1,522.38.

**Figure 5.
Example Invoice
AAA and Subcontractor Markups**

Bill	Subcontractor Costs	Subcontractor Markups (20% Labor, 15% Materials)			Subcontractor 1% Bond Premium	AAA1% Bond Premium	AAA 15% Markup	Total Amount Paid by City	Corrected Total	Overpayment (Amount Paid - Corrected Total)
		Labor, 15%	Materials							
1	\$ 431.98	\$ 86.40		\$ 5.18	\$ 5.24	\$ 79.32	\$ 608.12	\$ 575.92	\$ 32.20	
2	\$ 5,323.78	\$ 902.03		\$ 62.26	\$ 62.88	\$ 952.64	\$ 7,303.59	\$ 6,852.47	\$ 451.12	
3	\$ 2,275.04	\$ 438.12		\$ 27.13	\$ 27.40	\$ 415.15	\$ 3,182.84	\$ 3,014.32	\$ 168.52	
4	\$ 2,095.63	\$ 389.70		\$ 24.85	\$ 25.10	\$ 380.29	\$ 2,915.57	\$ 2,761.20	\$ 154.37	
5	\$ 3,179.95	\$ 573.85		\$ 37.54	\$ 37.91	\$ 574.39	\$ 4,403.64	\$ 4,170.47	\$ 233.17	
6	\$ 2,353.39	\$ 449.87		\$ 28.03	\$ 28.31	\$ 428.94	\$ 3,288.54	\$ 3,114.42	\$ 174.12	
7	\$ 2,791.35	\$ 511.21		\$ 33.03	\$ 33.36	\$ 505.34	\$ 3,874.29	\$ 3,669.15	\$ 205.14	
8	\$ 1,408.91	\$ 261.12		\$ 16.70	\$ 16.87	\$ 255.54	\$ 1,959.14	\$ 1,855.40	\$ 103.74	
TOTAL							\$27,535.73	\$ 26,013.35	\$ 1,522.38	

As seen in Figure 5 above, the City correctly paid for:

- Subcontractor markups of 20% on labor and 15% on materials and equipment
- Subcontractor bond premium of 1%

The City incorrectly paid for:

- AAA bond premium of 1%. The subcontractor had already charged a 1% surcharge for their bond premium. This surcharge should not be charged twice on the same work.
- AAA markup of 15%. On all the bills, except #2, the work was for less than \$5,000, which allows AAA to charge a 10% markup, not the 15% that was charged.

The City was overcharged for extra work due to incorrectly applied markups.

These same issues were repeated on XX of the XX total sample of invoices we reviewed. Our sample covered \$XXX paid by the City, on which the City overpaid \$XXX, representing X%.

Recommendations:

- 2.1 Develop guidelines that assign responsibility for invoice review and communicate those guidelines to the Project Managers and Administrative Analysts.**

2.2 Those responsible for review should ensure backup supports the amounts charged and follows all contract specifications.

2.3 Work with AAA to recoup overcharged amounts on previous invoices.

Finding #3

Not all price changes that occurred during AAA's tenure as the as-needed contractor (2013 to present) were officially adopted. Pricing overlapped time periods and contract a/locations.

A. Price Changes

Changes to any City contract should be made official through an amendment. This ensures that changes in price or other contract terms are agreed upon by both parties in writing.

In November 2015, the Department asked the City Council to authorize a fourth amendment to the 2013 as-needed Annual Contract for Street Improvements. The memo included with the City Council item stated that an additional \$13 million as well as a term extension were needed for the contract. The item also discussed that AAA had asked the City to agree to price changes (included increases and decreases in price) for seven concrete items and twelve asphalt items.

However, when the amendment for the contract was executed, the price changes for those 19 items were not included. But, the Department and AAA operated as if they were officially changed. In addition to the 19 items discussed, there were eight additional line items that were also changed due to confusion surrounding handwritten prices on the original contract. Some prices were written illegibly and, therefore, AAA thought the prices needed to change when they were the same as what was previously agreed upon.

B. Contract Overlap

AAA had two as-needed Annual Contracts for Street Improvements in effect for four months during 2017. The first (2013) contract was in effect from March 2013 to August 2017, while the second (2017) contract was in effect from May 2017 to April 2018, with two one-year extension options. There was a four-month overlap from May to August 2017.

This overlap caused confusion surrounding about which contract prices should be used. Some invoices that were paid through the 2017 contract purchase order were paid at 2013 contract prices. It was difficult to determine which prices should be applied to each invoice. Department staff explained that prices charged were based on when the project was agreed upon to occur, not when the work was actually completed. However, this "agreed to" date was not specifically documented and the invoices reflected the work completed date. Therefore, it was difficult to determine which price should be in effect.

Recommendations:

- 3.1 **Make all price changes official by amending the contract to reflect them.**
- 3.2 **Clearly delineate which prices should be charged and for what time period during communication between AAA and Project Managers.**
- 3.3 **Review invoices to ensure agreement between contract and purchase order pricing.**

Finding #4

Based on the documentation retained in the project files, it was not possible to determine if all work performed was accurately paid for and up to quality standards.

For both regular contract activities and extra work, Inspectors are assigned to verify the work of AAA and the company's subcontractors. The Inspectors visit the job site on a periodic basis to document AAA's labor, materials, and equipment used. The Inspectors document their observations in writing within their Inspector Journals. The purpose of these inspections is

- For contract work: verify that the quality of the work performed is up to the City's standard and that the quality of materials used are those that are charged to the City.
- For extra work: verify that the time and materials costs are accurate by determining the number of workers and labor hours as well as the types of materials and equipment that are on site.

At the end of the work day, the Inspector signs the Daily Report to certify the work that was completed. This signature is later used by Project Managers as verification that the invoice could be paid.

Project files did not contain the backup needed to certify all work was performed. Inspector Journals varied by file and Inspector; there was no standard form or checklist requiring certain information to be retained. For example, inspector files did not always match bills and invoices provided by AAA.

- Inspector Journals for contract work were generic and did not list all items found on the invoice.
- Inspector Journals for extra work had different totals for labor hours worked and did not document the use of equipment that was on the invoice.
- Not all Inspector Journals were signed, which serves as the official certification that the work could be paid.

Project files varied between projects and inspectors. Files did not support all the charges paid.



Recommendations:

- 4.1 Determine which labor, materials, and equipment Inspectors must document and use to approve payment.
- 4.2 Develop procedures and tools to help Inspectors reconcile their observations with **AAA's** records. For example, the journals used by all City inspectors should be uniform to ensure everyone is collecting the same information and that the information collected is in the same format.
- 4.3 Develop guidelines for Project Managers and Inspectors regarding what a complete project file should include.

II. Background

A. Department of Public Works

The Department is responsible upkeep our City streets and sidewalks.

The Department of Public Works (Department) is responsible for working to keep the City's physical infrastructure and transportation systems in usable and safe condition for our residents and visitors. The Department provides a variety of services that include the repair, rehabilitation, and general upkeep of City streets and sidewalks. Some of these services are completed through the City's various Capital Improvement and Infrastructure Plans.

There are various Project Managers and Inspectors within the Department's Engineering, Transportation Mobility, and Public Service Bureaus that help to oversee the projects completed by AAA under the as-needed contract. Some of them are City employees and others work as consultants on these projects.

B. Annual Contract for Street Improvements

AAA provides as-needed street improvement work. The current contract is for \$40 million per year.

All American Asphalt (AAA) has been a City contractor since 1998, working on various contracts and projects. Since 2013, AAA has held the City's as-needed Annual Contract for Street Improvements. AAA was awarded the as-needed contract in March 2013 and again in May 2017. The as-needed contract includes specific pricing on 361 line items that are designed to cover all kinds of street improvement work, including various quantities of asphalt concrete pavement, slurry seal, stamped concrete, curb and gutter, traffic striping, and pothole repair.

The major City infrastructure programs that are completed under the as-needed contract are Major/Secondary Highways, Citywide Residential Streets, and Citywide Slurry Seal. The 2017 as-needed contract was awarded for a not-to-exceed annual amount of \$40 million. The original contract term was from May 2017 to April 2018 and has been extended until April 2019, with an additional one-year option available.

In addition to the annual street improvement work completed under the contract, AAA also completes special projects that include work not covered under the contract line items (extra work). These projects follow separate contract specifications related to extra work.

There are various funding sources for the work covered under the as-needed contract. Funding is sourced from various taxes, one-time resources , City Council discretionary funds, and Measure A.

III. Objective, Scope, and Methodology

The objectives of this audit were to analyze the processes surrounding the methodology used to select the vendor, assignment of work, and the pricing and quality of the work received under Annual Contract for Street Improvements with All American Asphalt (AAA). The audit scope covered work completed and payments made from May to December 2017 under the Department of Public Works. To achieve this objective, we:

- Interviewed Public Works staff, including Project Managers, Inspectors, and Administrative Analysts involved with the AAA contract;
- Reviewed the 2013 and 2017 as-needed Annual Contracts for Street Improvement between the City and AAA, as well as corresponding contract specifications, pricing schedules, and amendments;
- Evaluated payments against contract specifications for a sample of contract and extra work projects;
- Examined project files for a sample of contract and extra work projects; and
- Reviewed the City's Procurement Policy;

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

IV. Appendices

Appendix A. Management Comments

Following this page are management's comments to the audit findings and recommendations



Long Beach City Auditor's Office

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Like us at facebook.com/LongBeachCityAuditor

Follow us on Twitter @LBCityAuditor

CITY AUDITOR'S FRAUD HOTLINE 1-888-FRAUD-07

1111

Sent:

Michael Gagan <mgagan@kindelgagan.com>

Monday, November 19, 2018 2:26 PM

To:

Laura Doud

Subject:

LB Auditor LBPD MOU Status .doc

Attachments:

LB Auditor LBPD MOU Status.doc

Importance:

High

Strategic Plan Cities

March 13, 2008

To: Hon. Laura Doud
From: Michael Gagan
Re: **LBPDMOU**

The LBPDMOU provides that on September 30, 2009, "all ranks will receive a general salary increase equal to the mid-point of the survey of the Strategic Plan Cities for Police Officer, Police Sergeant and Police Lieutenant using top base salary, PERS pickup (the agencies payment of the employees retirement contribution) and EPMC (Employer Paid Member Contribution) or a minimum of 2%, whichever is greater."

The Strategic Plan Cities are:

Long Beach
Anaheim
Fresno
Los Angeles
Oakland
Sacramento
San Diego
San Francisco
San Jose
Santa Ana

The MOU provides that "the effective date of the data is September 30, 2009.

It would be of interest to know what the current mid-point is for the different classifications of the respective ten cities, including Long Beach.

There would also be great value in knowing what that increase would be if it took effect today, for example. It would also be helpful to determine the status of collective bargaining agreements in the other jurisdictions to know whether any are scheduled for renegotiation between now and September 30, 2009.

Inasmuch as the increase takes effect on the last day of the City's next fiscal year, and its full impact won't occur until the succeeding fiscal year, it would be good to know what the plausible increase will be as the City prepares its 2008-2009 budget.

1111

Sent: Michael Gagan <mgagan@kindelgagan.com>
Monday, November 19, 2018 3:44 PM
To: Laura Doud
Subject: LB Auditor LBPD Skill Pay 2018.docx
Attachments: LB Auditor LBPD Skill Pay 2018.docx

Importance: High

Hi Laura:

There extra pay for Canine Officers! Don ' t know how I left that off my 2014 list when we both remembered it existed. Tying Canine Officer extra pay to the California minimum wage may not have seemed like a big deal at the time, but the CA minimum wage for employers of 26 or more people (e.g., City of Long Beach) is set to increase by \$1.00 on January 1 of each year through January 1, 2023 (when it will be \$15.00 per hour).

The current MOU expires September 30, 2019.

Michael

November 19, 2018

LBPD MOU Provisions re Skill Pay

Motorcycle Officer	5.23% monthly above Step 5 police officer
Helicopter Pilot	8.60% monthly above Step 5 police officer
Helicopter Observer	4.11% monthly above Step 5 police officer
Canine Officer	5.23% monthly above Step 5 police officer
Port Security	5.23% monthly above Step 5 police officer

Marksman	\$4.00/month
Sharpshooter	\$8.00/month
Expert	\$16.00/month
Master	\$32.00/month

Bilingual	\$0.80 per hour
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Canine Officer	1.5 x California Minimum Wage (\$11.00 per hour currently)* x 6 hours every two weeks = \$198 per month, plus reimbursement for food, vet, etc.
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Tuition Reimbursement

Associates Degree	2.75%
Bachelors Degree	5.00%
Masters Degree	6.50%

POST Pay	7.50% monthly above Step 5 police officer
----------	---

Longevity Pay	5.00 % for 10 years An additional 5.00% for 15 years
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1111

Sent: Michael Gagan <mgagan@kindelgagan.com>
Monday, June 15, 2015 3:42 PM
To: Laura Doud
Subject: LB Auditor Medical Marijuana Task Force.docx
Attachments: LB Auditor Medical Marijuana Task Force.docx

Importance: High

Hi Laura:

I came to work today...yay ! Not 100% yet, but much better than last week, that's for sure .

Attached is a draft you may want to consider for your memo to the Task Force.

Let me know if you want to add, subtract or change.

Hope you're on vacation!

Michael

Because the medical marijuana business is a cash business and all taxes and fees to the City are expected to be paid in cash, it is especially important that systems and procedures be in place to ensure that money paid to the City is received and cashiered securely and deposited in a timely manner.

Under the draft ordinance and the City Manager's report on its possible implementation, the Department of Financial Management is responsible for ensuring that the appropriate taxes and fees are paid and delivered to the Commercial Services unit of the Department. The businesses will be audited by or through the Department.

Once the cash leaves the streets and enters City Hall, so to speak, my job begins. And under the City Charter and with respect to the draft ordinance, it will be the responsibility of the City Auditor to regularly review the systems and procedures the Department of Finance has established relating to the receipt, cashiering and timely deposit of taxes and fees. As is the case with all revenue collected by the City, my office will perform independent audits to ensure that proper internal controls are in place to ensure against the risk of loss.

The Department of Finance audits the businesses to make sure the appropriate taxes and fees are paid. My office audits the systems, procedures and internal controls of the Commercial Services unit of the Department to make sure that the amount of money that comes into City Hall is the amount of money deposited in the bank.

1111

Sent: Michael Gagan <mgagan@kindelgagan.com>
Monday, November 19, 2018 2:47 PM
To: Laura Doud
Subject: LB Auditor Police and Fire 2014.docx
Attachments: LB Auditor Police and Fire 2014.docx

Importance: High

I am sure there was something about canine pay, but it ' s not on this list from 2014!

I'll take a look at the current MOUs...

Skill Pay

Motor Officer	\$350.00 p/month
Helicopter Pilot	575.00
Helicopter Observer	275.00

Marksmanship Pay

Marksman	4.00
Sharpshooter	8.00
Expert	16.00
Master	32.00

Tuition Reimbursement based on number of units enrolled up to a maximum of \$800 per year

LBDP

Education Pay

AA	\$200.00
BA/BS	375.00
MA	475.00

LBFD

\$300.00
350.00
400.00

Bilingual Pay

\$.80 per hour

\$.80 per hour

1111

Sent:

Michael Gagan <mgagan@rosekindel.com>

Wednesday, March 21, 2007 5:05 PM

To:

Laura Doud

Subject:

Pension and Health Care Costs for Public Retirees

Attachments:

LB Auditor Article March 2007 II.doc

Draft II

This email has been scanned by the MessageLabs Email Security System.

For more information please visit <http://www.messagelabs.com/email>

Pension and Health Care Costs for Public Retirees Crisis or Challenge?

By Laura Doud
Auditor, City of Long Beach

Recent disclosure requirements adopted by the Government Accounting Standards Board (GASB) are shining a spotlight on the obligations state and local governments have to their retired employees. These obligations come in the form of pension benefits as well as what are called "Other Post-Employment Benefits," or OPEB. The largest category of OPEB is health care.

Many jurisdictions around the country and in California do not have budgeted funds sufficient to meet their long-term retiree obligations. What that means is that there is a difference between the amount of money in retirement fund investment pools and the amount of money that would be needed to meet the pension obligations these jurisdictions have to their retirees. On the OPEB side, it means that there is a gap between the amount of money set aside for such things as retiree health care cost obligations and the amount of money required for these obligations to be fully funded.

These differences are called "unfunded liabilities" and the term is often used to invoke panic or to demonize public employees and retirees. Editorials speak forebodingly of the "ticking financial time bomb," the "fiscal horror show" and the "pending fiscal train wreck" of "unfunded liabilities" and "runaway pension costs."

Indeed, some of the reported unfunded liability estimates in California appear to be staggering, although all should be read with caution because there are few definitive reports, most use out-of-date information, some combine pension and health care obligations while others do not. The new GASB disclosure requirements for most jurisdictions do not take effect until June, so authoritative numbers are months away. Some of the unfunded liability estimates reported in the press include CalPERS at \$29 billion, the Los Angeles Unified School District at more than \$10 billion, Los Angeles County at \$9 billion, Orange County at \$2.3 billion, the City of Los Angeles at \$2.1 billion and the City of San Diego at \$1.4 billion. In January, STRS formally announced its unfunded liability at \$20.3 billion. A recent and widely disputed report by the Center for Government Analysis put the statewide liability on the pension side at \$50.9 billion. It did not estimate the health care side.

None of these numbers mean anything absent some measurement of a retirement system's assets that are available to pay benefits. So "unfunded liability" is often expressed in terms of percentages and, expressed that way, the numbers for many jurisdictions do not appear so dire. With over \$225 billion in assets, for example, CalPERS is more than 90% funded on the pension side and generally speaking, any retirement system with that level of funded liability is considered to be in very good shape. My own City of Long Beach, by the way, which is a PERS member agency, is at 98.2% for miscellaneous employees and at 103% for safety employees.

The political reaction to some of the larger unfunded liability numbers has varied. Efforts at the state level to "rein in" pension costs have included unsuccessful legislation originally supported by the Governor to move the state to a "directed contribution" system similar to a 401(k) plan and away from the "defined benefit" system currently in place. The Howard Jarvis Taxpayers' Association is developing a statewide initiative that reportedly would move public retirement plans to a directed contribution system. The County of Santa Clara last year changed from five to ten the number of years an employee must work before becoming eligible for retirement benefits. On the OPEB side, the County of San Diego last year eliminated the health care benefit for employees who retired after March 2002, affecting 2,600 recent retirees and all current employees. Over the opposition of public employee unions, voters in the City of San Diego last November approved a charter provision requiring voter approval for any change in the city's pension plan, including any changes in benefits. An effort reportedly is underway to put a similar measure before voters in Orange County.

For their part, public employee and retiree organization representatives view these actions as unwarranted attacks on well-earned benefits. The unfunded liability "crisis" is a "media creation," one labor leader told a Public Retirement Journal workshop in January. Most systems, he said, should be "fully funded within the next couple of years."

Two recent developments will have a bearing on the debate and discussion going forward. The first is the creation by the Governor of the Public Employee Post-Benefits Commission. And the other is the establishment by CalPERS of a Health Care Pre-Funding Program.

The Governor's Commission was created to propose ways to address growing pension and retiree health care obligations of California's state and local

governments. Specifically, the Commission is tasked to:

- Identify the total unfunded pension and health care liabilities of state and local government in California;
- Evaluate and compare various approaches to address the unfunded obligations; and
- Propose a plan to address those obligations by January 1, 2008.

Consisting of nine members from employee unions, investment banks, the academic community and public agency management, the Commission held its first meeting in March and legislators, public agency employers and employees alike are closely following its deliberations.

CalPERS' Health Care Pre-Funding Program is based on the CalPERS' investment pool model under which most CalPERS' pension benefits are paid by interest earnings on investments. Under the Program, agencies that participate in the CalPERS health plan may contribute to the Pre-Funding Program with the objective of reducing their health cost obligations by virtue of interest earnings on investments under this Program. Unfortunately for agencies like Long Beach that have their own health plans, the Governor vetoed legislation last year that would enable CalPERS to offer the program to any local public entity, whether or not that entity is a CalPERS member or participates in the CalPERS health plan. The legislation is likely to be introduced again this year in a form that meets the Governor's objections.

It is important that retirees and public employees interested in their retirement futures remain informed of the evolving discussion and debate concerning public pension and OPEB developments. As that discussion proceeds, I would hope that the public and public policy-makers keep in mind some key facts:

- GASB standards do not require that pension and OPEB obligations be fully funded at all times. They simply require that the obligations be disclosed in a transparent way.
- The GASB standards do not jeopardize the pension or OPEB benefits of any existing retiree. Those benefits are vested and legally protected.
- For better or worse, whether or not a given pension system is fully funded is more a function of investment performance than anything else.

In 2000, most systems were in very good shape. With the precipitous and prolonged decline in the stock market by virtue of the "dot.com" bust in 2001, combined with the devastating market impact of 9/11, unfunded liabilities grew. A robust and sustained growth in the stock market will reduce those liabilities, just as a protracted slump could make them increase.

- Jurisdictions with large unfunded liabilities relative to assets need to develop plans to address the imbalance. The magnitude of that imbalance, without a plan to deal with it, contributes to the panic and anti-public employee and retiree drumbeat some interests are all too willing to exploit.

It is also important that the discussion remains fact-based and the discourse remains civil. Public employees and retirees should not be scapegoated or vilified as public decision-makers address the challenge of keeping their side of the bargain with retirees. Pension and other post-employment benefits, after all, are part of the compensation package of public servants who spend careers sacrificing personal financial gain for public service.

Attachment 6 - Davis Group Contracting Documents

DEPARTMENT INFORMATION

REQUISITION NUMBER: _____ DEPARTMENT NAME: City Auditor DATE: 01/07/2021

REQUESTOR: Melissa Swift PHONE: (562) 570-6758

VENDOR INFORMATION

NAME: Davis Group Consulting, LLC VENDOR I: 3093
DBA: Davis Group CONTACT: Joanne Davis
ADDRESS: 6475 E. Pacific Coast HWY #419, Long Beach 90803 EMAIL: _____
PHONE: (562) 260-7573 FAX: _____

MUNIS USER DEFINED FIELDS (UDFs)

PROCUREMENT PROCESS IYPE: (0 NONCM) NON CITY MANAGER DEPARTMENT
CHANGE ORDER REASON (IF APPLICABLE): To continue service from Oct. 2020 through September 2021 as requested by FM
INSURANCE: Yes No INSURANCE REASON (IF APPLICABLE): _____
LABOR COMPLIANCE Yes No TI EQUIPMENT: Yes No HOMELAND SECURITY GRANT Yes No
FUNDINGSOURCE: gen=eralc....; cfu=nd....

DESCRIPTION OF PURCHASE

DESCRIPTION/ JUSTIFICATION FOR PURCHASE/ TIMING CONSIDERATIONS / SERVICE LEVEL IMPACT IF NOT APPROVED
Consulting services to Long Beach City Auditor Laura Doud. Primary services:
- Strategic issues management
- Advise and assist City Auditor in developing and strengthening positive relationships and partnerships with city stakeholders to work together to meet common goals
- Advise and assist City Auditor with intergovernmental issues and entities
- Assist in monitoring significant City issues and provide an outside perspective

(Continued)

EXCEPTION TO POLICY REQUEST Yes No

AN EXCEPTION IS REQUESTED BECAUSE:

Explain why the purchase cannot be made using a COFII Jetitive process in accordance with the City of Long Beach's standard purchasing procedures. Attach additional page(s) if needed.

Vendor has history providing these specific services for the City Auditor and is the only local vendor that can supply these specific services.

ACCOUNTING INFORMATION

ACCOUNT STRING: 1000-23-14-0000-000000-14001-000000-00000-831404- AMOUNT: **36000.00**

ACCOUNT STRING: _____ AMOUNT: _____

ACCOUNT mING: _____ AMOUNT: _____

QUOTES RECEIVED - Attach backup documentat, on In TCM

METHOD	BUSINESS NAME	NAME OF PERSON PROVIDING QUOTE	BUSINESS ADDRESS, PHONE, FAX, OR EMAIL	AMOUNT QUOTED

DEPARTMENT DIRECTOR APPROVAL (IF APPLICABLE)•

DATE

PRINT DIRECTOR Ii:

DIRECTOR SIGNATURE:

Melissa Swift

From: Laura Doud
Sent: Monday, January 11, 2021 8:52 AM
To: Melissa Swift
Subject: Re: Davis Group Contract

Thanks Melissa.

I approve the vendor selection form for Davis Group. You can use same scope as last year.
Thanks,
Laura

On Jan 11, 2021, at 8:44 AM, Melissa Swift <Melissa.Swift@longbeach.gov> wrote:

approve the vendor selection form for Davis Group.



Strategic Planning • Public Affairs • Fundraising • Marketing • Political Consulting

**City Auditor Laura Doud Strategic Issues Management
October 1, 2020 - September 3, 2021**

Scope of Work

Davis Group Consulting, Inc. will provide consulting services to Long Beach City Auditor Laura Doud. Primary amongst the services includes the following:

- Strategic issues management
- Advise and assist City Auditor in developing and strengthening positive relationships and partnerships with City stakeholders to work together to meet common goals
- Advise and assist City Auditor with intergovernmental issues and entities
- Assist in monitoring significant City issues and provide an outside perspective

BUDGET AND TIM ELINE

Contract to commence October 1, 2020 and end on September 30, 2021 at a fixed fee of \$3,000 per month.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

CONTRACT

Fiscal Year: 2020

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES, SHIPPING DOCUMENTS AND CORRESPONDENCE.

Contract #	32001000
Department	AU AUDITOR
Type	1. DEPARTMENTAL
Bonds in Lieu	N

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DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803

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CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Phone: 5625706751
 Email:AU-ACCTSPAY@LONGBEACH.GOV

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CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Phone: 5625706751
 Email:AU-ACCTSPAY@LONGBEACH.GOV

Effective Date	Expiration Date	City Reference Number	Vendor Phone Number
01/01/2020	09/30/2021		562-596-1355
Department		Administrator	Administrator's Phone Number
AU AUDITOR			

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
	Consulting Services				
	2020			\$27,000.00	
	2020 831404			\$0.00	
	2021			\$36,000.00	
	2021 831404			\$0.00	
	2022			\$0.00	
	2022 831404			\$0.00	

Total Revised	\$63,000.00
Total Original	\$27,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
 11. All license fees for City's use of patented or copyrighted items for items furnished under this Purchase Order shall be included in the Purchase Order price.
 12. In cases where a price subject to escalation has been agreed upon, all claims for such price escalation must be received by City within sixty (60) days after date of final shipment. The price escalation shall be shown as a separate item on the invoice. Unless an escalator clause has been shown as a specific part of this Purchase Order, Supplier shall not be entitled to reimbursement for costs incurred due to escalation.
 13. All items or services provided under this Purchase Order shall comply with the Safety Orders and Regulations of the California Division of Industrial Safety, Title 8, California Code of Regulations (CAL/OSHA) and all applicable OSHA regulations as well as all other applicable sections of the California Code of Regulations. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents from any loss, claim, cause of action, liability, cost or expense, including but not limited to fines, penalties, corrective measures, and attorney's fees, City may sustain by reason of Supplier's failure to comply.
 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
 16. City's remedies herein are cumulative and additional to any other remedies at law or in equity. The waiver of any breach of this Purchase Order shall not be deemed a waiver of any other or subsequent breach. City's failure to object to provisions contained in any communication from Supplier shall not be deemed an acceptance of such provisions or a waiver of the provisions of this Purchase Order.
 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
 18. Any indebtedness of Supplier to City may, at the City's option, be credited against amounts owing by City hereunder.
 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. COMPREHENSIVE GENERAL LIABILITY: minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. AUTOMOBILE LIABILITY: minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. WORKERS COMPENSATION: As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2021

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22107518**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12110197	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
02/04/2021		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting services for January 2021	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

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 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
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 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
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 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
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 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
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 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
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 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:**
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. **COMPREHENSIVE GENERAL LIABILITY:** minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. **AUTOMOBILE LIABILITY:** minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. **WORKERS COMPENSATION:** As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2021

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22109737**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12112622	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
03/11/2021		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting services for February 2021	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
 11. All license fees for City's use of patented or copyrighted items for items furnished under this Purchase Order shall be included in the Purchase Order price.
 12. In cases where a price subject to escalation has been agreed upon, all claims for such price escalation must be received by City within sixty (60) days after date of final shipment. The price escalation shall be shown as a separate item on the invoice. Unless an escalator clause has been shown as a specific part of this Purchase Order, Supplier shall not be entitled to reimbursement for costs incurred due to escalation.
 13. All items or services provided under this Purchase Order shall comply with the Safety Orders and Regulations of the California Division of Industrial Safety, Title 8, California Code of Regulations (CAL/OSHA) and all applicable OSHA regulations as well as all other applicable sections of the California Code of Regulations. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents from any loss, claim, cause of action, liability, cost or expense, including but not limited to fines, penalties, corrective measures, and attorney's fees, City may sustain by reason of Supplier's failure to comply.
 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
 16. City's remedies herein are cumulative and additional to any other remedies at law or in equity. The waiver of any breach of this Purchase Order shall not be deemed a waiver of any other or subsequent breach. City's failure to object to provisions contained in any communication from Supplier shall not be deemed an acceptance of such provisions or a waiver of the provisions of this Purchase Order.
 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
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 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. COMPREHENSIVE GENERAL LIABILITY: minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. AUTOMOBILE LIABILITY: minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. WORKERS COMPENSATION: As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2021

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22111227**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

**S
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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12114553	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
04/08/2021		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting services for March 2021	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
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 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. COMPREHENSIVE GENERAL LIABILITY: minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. AUTOMOBILE LIABILITY: minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
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 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2021

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22112999**

Delivery must be made within doors of
 specified destination.

VENDOR
 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

BILL TO
 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

SHIP TO
 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12116654	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
05/12/2021		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Professional Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Invoice # 210510 consulting services	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

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 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
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 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
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 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
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 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. **COMPREHENSIVE GENERAL LIABILITY:** minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. **AUTOMOBILE LIABILITY:** minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. **WORKERS COMPENSATION:** As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2021

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22115472**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

**B
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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12119579	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
06/29/2021		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting services for May 2021	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
 11. All license fees for City's use of patented or copyrighted items for items furnished under this Purchase Order shall be included in the Purchase Order price.
 12. In cases where a price subject to escalation has been agreed upon, all claims for such price escalation must be received by City within sixty (60) days after date of final shipment. The price escalation shall be shown as a separate item on the invoice. Unless an escalator clause has been shown as a specific part of this Purchase Order, Supplier shall not be entitled to reimbursement for costs incurred due to escalation.
 13. All items or services provided under this Purchase Order shall comply with the Safety Orders and Regulations of the California Division of Industrial Safety, Title 8, California Code of Regulations (CAL/OSHA) and all applicable OSHA regulations as well as all other applicable sections of the California Code of Regulations. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents from any loss, claim, cause of action, liability, cost or expense, including but not limited to fines, penalties, corrective measures, and attorney's fees, City may sustain by reason of Supplier's failure to comply.
 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
 16. City's remedies herein are cumulative and additional to any other remedies at law or in equity. The waiver of any breach of this Purchase Order shall not be deemed a waiver of any other or subsequent breach. City's failure to object to provisions contained in any communication from Supplier shall not be deemed an acceptance of such provisions or a waiver of the provisions of this Purchase Order.
 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
 18. Any indebtedness of Supplier to City may, at the City's option, be credited against amounts owing by City hereunder.
 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:**
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. **COMPREHENSIVE GENERAL LIABILITY:** minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. **AUTOMOBILE LIABILITY:** minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. **WORKERS COMPENSATION:** As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2021

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22116336**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

**B
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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12120718	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
07/15/2021		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting June through September 2021	1.0	LT	\$12,000.00	\$12,000.00

Total Ext. Price	\$12,000.00
PO Total	\$12,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
 11. All license fees for City's use of patented or copyrighted items for items furnished under this Purchase Order shall be included in the Purchase Order price.
 12. In cases where a price subject to escalation has been agreed upon, all claims for such price escalation must be received by City within sixty (60) days after date of final shipment. The price escalation shall be shown as a separate item on the invoice. Unless an escalator clause has been shown as a specific part of this Purchase Order, Supplier shall not be entitled to reimbursement for costs incurred due to escalation.
 13. All items or services provided under this Purchase Order shall comply with the Safety Orders and Regulations of the California Division of Industrial Safety, Title 8, California Code of Regulations (CAL/OSHA) and all applicable OSHA regulations as well as all other applicable sections of the California Code of Regulations. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents from any loss, claim, cause of action, liability, cost or expense, including but not limited to fines, penalties, corrective measures, and attorney's fees, City may sustain by reason of Supplier's failure to comply.
 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
 16. City's remedies herein are cumulative and additional to any other remedies at law or in equity. The waiver of any breach of this Purchase Order shall not be deemed a waiver of any other or subsequent breach. City's failure to object to provisions contained in any communication from Supplier shall not be deemed an acceptance of such provisions or a waiver of the provisions of this Purchase Order.
 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
 18. Any indebtedness of Supplier to City may, at the City's option, be credited against amounts owing by City hereunder.
 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:**
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. **COMPREHENSIVE GENERAL LIABILITY:** minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. **AUTOMOBILE LIABILITY:** minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. **WORKERS COMPENSATION:** As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 333 W. OCEAN BLVD/ 7TH FLOOR
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2019

Page: 1 of 1

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **29140019**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

**B
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 CITY AUDITOR
 CITY OF LONG BEACH
 333 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Phone: 562-570-6751

**S
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 CITY AUDITOR
 CITY OF LONG BEACH
 333 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Purchasing Contact	Contact Phone Number
562-596-1355		29140019	City of Long Beach	

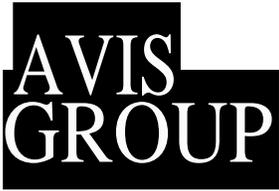
Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
03/12/2019	03/12/2019	3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	<p>The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination</p> <p>ACCOUNTING/AUDITING/BUDGET CONSULTING CONSULTING SERVICES FOR JANUARY 2019 TO JUNE 2019</p> <p>Commodity Code: 91804 Accounting/Auditing/Budget Consulting</p>	1.0	LT	\$18,000.00	\$18,000.00

Total Ext. Price	\$18,000.00
PO Total	\$18,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
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 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
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 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
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 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
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 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
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 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. COMPREHENSIVE GENERAL LIABILITY: minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
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 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



Strategic Planning • Public Affairs • Fundraising • Marketing • Political Consulting

**City Auditor Laura Doud
Communications and Community Outreach
August 2019**

Scope of Work

Davis Group Consulting, Inc. will provide consulting services to Long Beach City Auditor Laura Doud. Primary amongst the services includes the following:

- Strategic message development and implementation
- Advise and assist City Auditor in developing and strengthening positive relationships and partnerships with City stakeholders - including the Mayor, City Councilmembers, other elected officials, city management, department heads, media, community leaders, etc. - to work together to meet common goals
- Advise and assist City Auditor in establishing the Long Beach City Auditor's Office as a leader in the industry by developing relationships with government organizations such as GAO and industry organizations such as ALGA, IIA, and WIAF
- Assist in monitoring significant City issues and provide an outside perspective

BUDGET AND TIMELINE

Contract to commence July 1, 2019 and end on December 31, 2019 at a fixed fee of \$3,000 per month.

**INVOICE APPROVED
FOR PAYMENT**





CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

CONTRACT

Fiscal Year: 2019

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES, SHIPPING DOCUMENTS AND CORRESPONDENCE.

Contract #	32000039
Department	AU AUDITOR
Type	1. DEPARTMENTAL
Bonds in Lieu	N

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DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803

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CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Phone: 5625706751
 Email:AU-ACCTSPAY@LONGBEACH.GOV

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CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Phone: 5625706751
 Email:AU-ACCTSPAY@LONGBEACH.GOV

Effective Date	Expiration Date	City Reference Number	Vendor Phone Number
			562-596-1355
Department		Administrator	Administrator's Phone Number
AU AUDITOR			

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
	Consulting Services				
	2019			\$3,000.00	
	2019 831404			\$0.00	
	2020			\$12,000.00	
	2020 831404			\$0.00	

Total Revised	\$15,000.00
Total Original	\$15,000.00

CITY OF LONG BEACH
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CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2019

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **21914430**

Delivery must be made within doors of
 specified destination.

VENDOR
 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

BILL TO
 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

SHIP TO
 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32000039	11919938	Sierrah Smith	Sierrah.Roberts@longbeach....

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
10/23/2019	09/30/2019	3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	CONSULTING SERVICES The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting Services - communications and community outreach	1.0	LT	\$15,000.00	\$15,000.00

Total Ext. Price	\$15,000.00
PO Total	\$15,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

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DEPARTMENT INFORMATION

REQUISITION NUMBER: _____ DEPARTMENT NAME: City Auditor DATE: 001m2020
REQUESTOR: Melisawif PHONE: (562) 70-675a

VENDOR INFORMATION

NAME: Davis Group Consulting VENDOR#: 3093
DBA: Davis Group CONTACT: Laura Davis
ADDRESS: 6475 E. Pacific Coast Hwy #419, Long Beach 90803 EMAIL: _____
PHONE: (562) 260-7573 FAX: _____

MUNIS USER DEFINED FIELDS (UDEs)

PROCUREMENT PROCESS TYPE: (0 NONCM) NON CITY MANAGER DEPARTMENT
CHANGE ORDER REASON (IF APPLICABLE): _____
INSURANCE: Yes No INSURANCE REASON (IF APPLICABLE): _____
LABOR COMPLIANCE: Yes No TI EQUIPMENT: Yes No HOMELAND SECURITY GRANT: Yes No
FUNDING SOURCE: General Fund

DESCRIPTION OF PURCHASE

DESCRIPTION / JUSTIFICATION FOR PURCHASE/ TIMING CONSIDERATIONS/ SERVICE LEVEL IMPACT IF NOT APPROVED

Consulting services to Long Beach City Auditor Laura Doud. Primary services:
- Strategic issues management
- Advise and assist City Auditor in developing and strengthening positive relationships and partnerships with city stakeholders to work together to meet common goals
- Advise and assist City Auditor with intergovernmental issues and entities
- Assist in monitoring significant City issues and provide an outside perspective

(Continued)

EXCEPTION TO POLICY REQUEST Yes No

AN EXCEPTION IS REQUESTED BECAUSE:

Exp/sin why t purchase cannot be made using s competitive proceu in 1JCConlsnce wJh the Citf of Long Beech's standard purchasing procedures. Attach additional psge(s) if needed.

Vendor has history providing these services for the City Auditor and is the only local vendor that can supply these services.

ACCOUNTING INFORMATION

ACCOUNT STRING: 1000-23-14-0000-000000-14001-000000-00000-831404- AMOUNT: **\$ 36,000.00**

ACCOUNT STRING: _____ AMOUNT: _____

ACCOUNT STRING: _____ AMOUNT: _____

QUOTES RECEIVED - Attach b9ckup documentat, or in TCM

MEIHOD	BUSINESS NAME	NAME OF PERSON PROVIDING QUOTE	BUSINESS ADDRESS, PHONE, FAX, OR EMAIL	AMOUNT QUOTED

DEPARTMENT DIRECTOR APPROVAL (IF APPLICABLE)*

DATE

PRIfF DIRECTOR NAME:

DIHUC TM I GNATI-IE:



Strategic Planning • Public Affairs • Fundraising • Marketing • Political Consulting

**City Auditor Laura Doud Strategic Issues Management
January 2020**

Scope of Work

Davis Group Consulting, Inc. will provide consulting services to Long Beach City Auditor Laura Doud. Primary amongst the services includes the following:

- Strategic issues management
- Advise and assist City Auditor in developing and strengthening positive relationships and partnerships with City stakeholders to work together to meet common goals
- Advise and assist City Auditor with intergovernmental issues and entities
- Assist in monitoring significant City issues and provide an outside perspective

BUDGET AND TIMELINE

Contract to commence January 1, 2020 and end on December 31, 2020 at a fixed fee of \$3,000 per month.

**INVOICE APPROVED
FOR PAYMENT**

X

Signature on file

Melissa Swift

From: Laura Doud
Sent: Tuesday, June 9, 2020 2:57 PM
To: Melissa Swift
Subject: FW: Attached is a revised scope of work for January to December 2020
Attachments: Scope of Work for Long Beach City Auditor - January to December 2020.pdf

Melissa,

Attached is the Davis' Group Scope of Work.

Thank you,

Laura

From: Joanne Davis <jdavis@davisgroupca.com>
Sent: Tuesday, June 9, 2020 2:51 PM
To: Laura Doud <Laura.Doud@longbeach.gov>
Cc: Rick Davis <rdavis@davisgroupca.com>
Subject: Attached is a revised scope of work for January to December 2020

-EXTERNAL-

Please let me know if you have any questions or concerns.

Thank you

tk(JJ(e- {}a,,;

Principal

Davis Group Consulting, Inc.
6475 East Pacific Coast Highway
Number419
Long Beach, CA 90803
jdavis@davisgroupca.com
562-:260-7573



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

CONTRACT

Fiscal Year: 2020

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES, SHIPPING DOCUMENTS AND CORRESPONDENCE.

Contract #	32001000
Department	AU AUDITOR
Type	1. DEPARTMENTAL
Bonds in Lieu	N

V E N D O R	DAVIS GROUP CONSULTING INC 6475 E PACIFIC COAST HWY #419 LONG BEACH, CA 90803
B I L L T O	CITY AUDITOR CITY OF LONG BEACH 411 W OCEAN BLVD 8TH FLR LONG BEACH, CA 90802 Phone: 5625706751 Email:AU-ACCTSPAY@LONGBEACH.GOV

S H I P T O	CITY AUDITOR CITY OF LONG BEACH 411 W OCEAN BLVD 8TH FLR LONG BEACH, CA 90802 Phone: 5625706751 Email:AU-ACCTSPAY@LONGBEACH.GOV
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Effective Date	Expiration Date	City Reference Number	Vendor Phone Number
01/01/2020	09/30/2020		562-596-1355
Department		Administrator	Administrator's Phone Number
AU AUDITOR			

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
	Consulting Services				
	2020			\$27,000.00	
	2020 831404			\$0.00	

Total Revised	\$27,000.00
Total Original	\$27,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

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 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
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 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
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CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2020

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22019432**

Delivery must be made within doors of
 specified destination.

**V
E
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R**
 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

**B
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T
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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

**S
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 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12026169	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
08/06/2020		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Invoice # 200729	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
 11. All license fees for City's use of patented or copyrighted items for items furnished under this Purchase Order shall be included in the Purchase Order price.
 12. In cases where a price subject to escalation has been agreed upon, all claims for such price escalation must be received by City within sixty (60) days after date of final shipment. The price escalation shall be shown as a separate item on the invoice. Unless an escalator clause has been shown as a specific part of this Purchase Order, Supplier shall not be entitled to reimbursement for costs incurred due to escalation.
 13. All items or services provided under this Purchase Order shall comply with the Safety Orders and Regulations of the California Division of Industrial Safety, Title 8, California Code of Regulations (CAL/OSHA) and all applicable OSHA regulations as well as all other applicable sections of the California Code of Regulations. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents from any loss, claim, cause of action, liability, cost or expense, including but not limited to fines, penalties, corrective measures, and attorney's fees, City may sustain by reason of Supplier's failure to comply.
 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
 16. City's remedies herein are cumulative and additional to any other remedies at law or in equity. The waiver of any breach of this Purchase Order shall not be deemed a waiver of any other or subsequent breach. City's failure to object to provisions contained in any communication from Supplier shall not be deemed an acceptance of such provisions or a waiver of the provisions of this Purchase Order.
 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
 18. Any indebtedness of Supplier to City may, at the City's option, be credited against amounts owing by City hereunder.
 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:**
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. **COMPREHENSIVE GENERAL LIABILITY:** minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. **AUTOMOBILE LIABILITY:** minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. **WORKERS COMPENSATION:** As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2020

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22020841**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

**S
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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12027885	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
09/01/2020		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting Services	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
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25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. **COMPREHENSIVE GENERAL LIABILITY:** minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
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 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
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 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2020

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22022395**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

**B
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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12029731	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
09/25/2020		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination To pay September invoice	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

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 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
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 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
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 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
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 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. COMPREHENSIVE GENERAL LIABILITY: minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. AUTOMOBILE LIABILITY: minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. WORKERS COMPENSATION: As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2021

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22106223**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

**B
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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12108749	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
01/14/2021		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting services for October 2020	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
 11. All license fees for City's use of patented or copyrighted items for items furnished under this Purchase Order shall be included in the Purchase Order price.
 12. In cases where a price subject to escalation has been agreed upon, all claims for such price escalation must be received by City within sixty (60) days after date of final shipment. The price escalation shall be shown as a separate item on the invoice. Unless an escalator clause has been shown as a specific part of this Purchase Order, Supplier shall not be entitled to reimbursement for costs incurred due to escalation.
 13. All items or services provided under this Purchase Order shall comply with the Safety Orders and Regulations of the California Division of Industrial Safety, Title 8, California Code of Regulations (CAL/OSHA) and all applicable OSHA regulations as well as all other applicable sections of the California Code of Regulations. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents from any loss, claim, cause of action, liability, cost or expense, including but not limited to fines, penalties, corrective measures, and attorney's fees, City may sustain by reason of Supplier's failure to comply.
 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
 16. City's remedies herein are cumulative and additional to any other remedies at law or in equity. The waiver of any breach of this Purchase Order shall not be deemed a waiver of any other or subsequent breach. City's failure to object to provisions contained in any communication from Supplier shall not be deemed an acceptance of such provisions or a waiver of the provisions of this Purchase Order.
 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
 18. Any indebtedness of Supplier to City may, at the City's option, be credited against amounts owing by City hereunder.
 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. COMPREHENSIVE GENERAL LIABILITY: minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. AUTOMOBILE LIABILITY: minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. WORKERS COMPENSATION: As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2021

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22106221**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12108752	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
01/14/2021		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting Services for November 2020	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
 11. All license fees for City's use of patented or copyrighted items for items furnished under this Purchase Order shall be included in the Purchase Order price.
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 13. All items or services provided under this Purchase Order shall comply with the Safety Orders and Regulations of the California Division of Industrial Safety, Title 8, California Code of Regulations (CAL/OSHA) and all applicable OSHA regulations as well as all other applicable sections of the California Code of Regulations. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents from any loss, claim, cause of action, liability, cost or expense, including but not limited to fines, penalties, corrective measures, and attorney's fees, City may sustain by reason of Supplier's failure to comply.
 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
 16. City's remedies herein are cumulative and additional to any other remedies at law or in equity. The waiver of any breach of this Purchase Order shall not be deemed a waiver of any other or subsequent breach. City's failure to object to provisions contained in any communication from Supplier shall not be deemed an acceptance of such provisions or a waiver of the provisions of this Purchase Order.
 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
 18. Any indebtedness of Supplier to City may, at the City's option, be credited against amounts owing by City hereunder.
 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
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- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. COMPREHENSIVE GENERAL LIABILITY: minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. AUTOMOBILE LIABILITY: minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. WORKERS COMPENSATION: As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.



CITY OF LONG BEACH
 411 W. OCEAN BLVD
 LONG BEACH, CA 90802

Purchase Order

Fiscal Year: 2021

Page: 1 of 2

THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKAGES, SHIPPING DOCUMENTS,
 AND CORRESPONDENCE.

Purchase Order # **22106222**

Delivery must be made within doors of
 specified destination.

**V
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 DAVIS GROUP CONSULTING INC
 6475 E PACIFIC COAST HWY #419
 LONG BEACH, CA 90803
 Fax: 562-433-0813

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

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 CITY AUDITOR
 CITY OF LONG BEACH
 411 W OCEAN BLVD 8TH FLR
 LONG BEACH, CA 90802
 Email: AU-ACCTSPAY@LONGBEACH.GOV
 Phone: 562-570-6751

Vendor Phone Number	Contract Number	Requisition Number	Department Contact	E-mail
562-596-1355	32001000	12108750	Melissa Swift	Melissa.Swift@longbeach.gov

Date Ordered	Date Required	Vendor Number	Freight Method/Terms	Department/Location
01/14/2021		3093	SEE TERMS BELOW	AU AUDITOR

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
1	Consulting Services The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading F.O.B Destination Consulting Services for December 2020	1.0	LT	\$3,000.00	\$3,000.00

Total Ext. Price	\$3,000.00
PO Total	\$3,000.00

CITY OF LONG BEACH
PURCHASE ORDER – GENERAL CONDITIONS

1. Issuance of this Purchase Order by City constitutes acceptance of Supplier's offer on the terms and conditions stated herein, and forms a contract.
 2. City will not pay charges for taxes, transportation, boxing, packaging, crating or returnable containers unless separately stated hereon. All sales, use, excise or similar taxes to be paid by City must be itemized separately hereon and on invoices. City is exempt from payment of Federal Excise Tax under Certificate Number 95-730502K and supplier shall not charge this tax to City.
 3. City's obligation to pay the sum herein stated for any one fiscal year shall be contingent upon the City Council appropriating the necessary funds. A fiscal year commences on October 1 and ends on September 30 of the following year. If the City Council fails to appropriate the necessary funds for any fiscal year, then the Purchase Order shall terminate at no additional cost or obligation to City.
 4. Time is of the essence. If at any time Supplier believes that goods, materials, equipment, supplies ("item"), labor or services will not be made as scheduled, supplier shall immediately give written notice stating the cause of the delay to City. Deliveries must be prepaid. City will not accept COD shipments.
 5. City reserves the right at any time to make changes in drawings and specifications, in methods of shipment and packaging, and in place(s) of delivery. If necessary, there will be an equitable adjustment in price and time of performance mutually satisfactory to Supplier and City; but any claim by Supplier for such an adjustment must be made in writing within thirty (30) days after such change.
 6. Supplier warrants that the items delivered and the work or services performed shall conform to the specifications, drawings, samples or other description specified by City and shall be fit and sufficient for the purpose intended, merchantable, of good materials and workmanship, in good working order and free from defect or faulty workmanship for a period of at least ninety (90) days, after delivery. When defective items or faulty workmanship is discovered, Supplier shall provide all labor, materials, parts and equipment to correct such defect or make such replacement at no expense to the City. Defective items not meeting City's specifications shall be held for Supplier's instructions at Supplier's risk and; if Supplier so directs, will be returned at Supplier's expense.
 7. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents harmless from all loss, damage, liability, demands, claims, causes of action, costs and expenses (including reasonable attorneys' fees) for injuries to persons (including death) or damage or destruction to property connected with or arising from the negligent acts or omissions, willful misconduct or misrepresentations of Supplier, its agents or employees in the performance of this Purchase Order or relating to a claim of infringement of a patent, trademark or copyright.
 8. City reserves the right to terminate this Purchase Order, or any part of it, at any time even though Supplier is not in default. On receipt of notice of termination, Supplier shall, unless such notice otherwise directs, immediately discontinue all work on the Purchase Order and deliver, if and as directed, to City all completed and partially completed items and work in process. This section shall not limit or affect the right of City to terminate this Purchase Order immediately upon Supplier's breach.
 9. City reserves the right to terminate this Purchase Order or any part of it and reject delivery of items if delivery is not made when and as specified. Supplier shall be charged for any direct losses, but not any consequential damages, sustained by City by reason of such delay or failure, except losses caused by a delay for reasons beyond Supplier's reasonable control. Direct losses shall include any costs to City in excess of the Purchase Order price of obtaining items or services from other sources similar to those terminated or rejected.
 10. Supplier shall not substitute items without written approval of the City Purchasing Agent or designee.
 11. All license fees for City's use of patented or copyrighted items for items furnished under this Purchase Order shall be included in the Purchase Order price.
 12. In cases where a price subject to escalation has been agreed upon, all claims for such price escalation must be received by City within sixty (60) days after date of final shipment. The price escalation shall be shown as a separate item on the invoice. Unless an escalator clause has been shown as a specific part of this Purchase Order, Supplier shall not be entitled to reimbursement for costs incurred due to escalation.
 13. All items or services provided under this Purchase Order shall comply with the Safety Orders and Regulations of the California Division of Industrial Safety, Title 8, California Code of Regulations (CAL/OSHA) and all applicable OSHA regulations as well as all other applicable sections of the California Code of Regulations. Supplier shall defend, indemnify and hold harmless City, its officials, employees and agents from any loss, claim, cause of action, liability, cost or expense, including but not limited to fines, penalties, corrective measures, and attorney's fees, City may sustain by reason of Supplier's failure to comply.
 14. Supplier shall keep confidential and not disclose or use in any way confidential business or technical information that the City may disclose in conjunction with this Purchase Order or Supplier may learn as a result of entering City property to deliver items or services or to perform work hereunder.
 15. Supplier shall not assign this Purchase Order or any part hereof or any payments due hereunder or delegate any duties without City's prior written approval.
 16. City's remedies herein are cumulative and additional to any other remedies at law or in equity. The waiver of any breach of this Purchase Order shall not be deemed a waiver of any other or subsequent breach. City's failure to object to provisions contained in any communication from Supplier shall not be deemed an acceptance of such provisions or a waiver of the provisions of this Purchase Order.
 17. This Purchase Order shall not be amended, modified or rescinded, except by written agreement signed by the parties and expressly referring to this Purchase Order.
 18. Any indebtedness of Supplier to City may, at the City's option, be credited against amounts owing by City hereunder.
 19. Supplier shall furnish further itemization and breakdown of the Purchase Order price when requested by City.
 20. Supplier and its subcontractor(s) shall not discriminate against any person in the performance of this Purchase Order on the basis of race, religion, national origin, color, age, sex, sexual orientation, AIDS, HIV status, handicap or disability, and shall comply with applicable federal and state equal employment opportunity laws, ordinances, rules and regulations.
 21. Supplier shall comply with all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the subject matter hereof, and shall obtain all necessary licenses and permits related to the items, work or services.
 22. Supplier, its employees, and agents shall be considered independent contractors and not employees or agents of City.
 23. City's purchases are based on its actual needs and requirements: City is obligated only to purchase those items and those quantities that City needs and requires, regardless of any estimated quantities provided to the Supplier.
 24. The issuance of this Purchase Order does not make Supplier the exclusive supplier of items or services that are the subject of this Purchase Order.
- THE FOLLOWING ADDITIONAL CONDITIONS APPLY WHEN SUPPLIER IS TO PERFORM WORK ON THE PREMISES OF CITY:**
25. If, during the work, Supplier allows any indebtedness or lien to accrue for labor, equipment or materials, which may become a claim against City, Supplier shall immediately pay such claim or indebtedness or cause such lien to be dissolved and discharged by giving a bond and, in case of failure to do so, City may withhold any money due to Supplier until such claim, indebtedness or lien is paid or may apply such money toward the discharge thereof; or City may, at its option, cancel this Purchase Order, take possession and control of the work, and complete the same or cause the same to be completed. Supplier shall pay to City the difference between the Purchase Order price and the actual cost to City in completing or causing the work to be completed.
 26. Supplier shall perform the work at Supplier's own risk until the same is fully completed and accepted and shall, in case of any accident, destruction or injury to the work or items before final completion and acceptance, repair or replace the work or items so injured, damaged or destroyed, at Supplier's own expense and to the satisfaction of City. When items are furnished by others for installation or erection by Supplier, Supplier shall receive, unload, store, and handle same at site and become responsible therefore, as though such items were being furnished by Supplier under the Purchase Order.
 27. Supplier shall maintain, at its expense, until completion of performance and acceptance by the City, the following insurance coverage from an insurer with a current financial responsibility rating of A- or better and a current financial size category of A: V (admitted) or A-VII (non-admitted) or better as reported by A.M. Best Company or equivalent, unless waived in writing by Risk Management. Any insurance provided by Supplier that requires the City to tender a suit or claim to their own insurers or to make their own insurance available is not permitted.
 - a. **COMPREHENSIVE GENERAL LIABILITY:** minimum insurance coverage required is \$1,000,000 combined single limit per occurrence and \$2,000,000 annual aggregate. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - b. **AUTOMOBILE LIABILITY:** minimum insurance coverage required is \$500,000 combined single limit for bodily injury and property damage covering owned, non-owned and hired vehicles. The City of Long Beach, its Boards, Commissions, employees and agents shall be endorsed onto the Supplier's policy as additional insureds.
 - c. **WORKERS COMPENSATION:** As required by the California Labor Code, coverage to include employers liability with a minimum limit of \$1,000,000 per occurrence. Self-insurance must be approved by the City. The policy shall contain a waiver of subrogation in favor of the City of Long Beach, its Boards, Commissions, employees and agents. Supplier shall require that its subcontractors comply with this Section and Section 7. Each policy shall be endorsed to state that coverage shall not be cancelled or reduced in limit or scope except after 30 days (10 days for non-payment of premium) prior written notice to the City. All coverage shall be primary and non-contributory with respect to the City. Supplier shall furnish to the City before performance Certificates of Insurance and original endorsements with the original signature of one authorized by the insurer to bind coverage on its behalf. This insurance shall not be deemed to limit Supplier's liability hereunder. The City reserves the right to require complete certified copies of policies. If Supplier fails to furnish said insurance, the City may terminate this Purchase Order.
 28. Supplier shall comply with the Standard Specifications for Public Works Construction, latest edition, and provide bonds required by the City.
 29. Supplier shall comply with prevailing wage requirements in Chapter 2.87 of the Long Beach Municipal Code, e.g. the requirement to pay prevailing wages to contractors or subcontractors for public work. Public work includes the construction or repair of any public building, street, sewer or other property or improvement work done under contract and paid for, in whole or in part, out of public funds. Prevailing wage determinations are made by the California Department of Industrial Relations (DIR) for per diem wages and holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of worker needed to perform the work under the contract. Copies of the prevailing rate of per diem wages are on file at the City's Purchasing Division office, which shall be made available to any interested party on request.
 30. By accepting this purchase order, you are acknowledging that it was created in accordance with city purchasing ordinance and state law.