

AGENDA



4:30 P.M.

CITY COUNCIL MEETING

TUESDAY, APRIL 27, 2021

NOTES:

- **Public Forum:**
Comments are generally limited to 3 minutes.
- **Consent Items:**
Items listed under Consent Items have been distributed to Council Members in advance for study and will be enacted by one motion. Any member of the Council, staff or the public may remove an item from the Consent Items for discussion. Items removed from the Consent Items may be acted upon before proceeding to the next agenda item.
- Meeting room is wheelchair accessible. American Disabilities Act (ADA) accommodations are available upon request. Please phone 928-282-3113 at least two (2) business days in advance.
- City Council Meeting Agenda Packets are available on the City's website at:

www.SedonaAZ.gov

GUIDELINES FOR PUBLIC COMMENT

PURPOSE:

- To allow the public to provide input to the City Council on a particular subject scheduled on the agenda.
- This is not a question/answer session.

PROCEDURES:

- **It is strongly encouraged that public input on agenda items be submitted by sending an email to the City Clerk at sirvine@sedonaaz.gov in advance of the 4:30 p.m. Call To Order.**
- Fill out a "Comment Card" and deliver it to the City Clerk.
- When recognized, use the podium/microphone.
- State your:
 1. Name and
 2. City of Residence
- Limit comments to **3 MINUTES.**
- Submit written comments to the City Clerk.

DUE TO CONTINUED PRECAUTIONS RELATED TO COVID-19, SEATING FOR THE PUBLIC WITHIN THE COUNCIL CHAMBERS IS ARRANGED IN COMPLIANCE WITH CDC GUIDELINES FOR PHYSICAL DISTANCING AND IS VERY LIMITED. THOSE WISHING TO COMMENT ON SCHEDULED AGENDA ITEMS MAY BE ASKED TO WAIT OUTDOORS OR IN AN ALTERNATE LOCATION IF THERE IS NOT ADEQUATE SEATING IN COUNCIL CHAMBERS. **COMMENTS IN ADVANCE OF THE 4:30 P.M. CALL TO ORDER ARE STRONGLY ENCOURAGED BY SENDING AN EMAIL TO [SIRVINE@SEDONAAZ.GOV](mailto:sirvine@sedonaaz.gov) AND WILL BE MADE PART OF THE OFFICIAL MEETING RECORD.** THE MEETING CAN BE VIEWED LIVE ON THE CITY'S WEBSITE AT WWW.SEDONAAZ.GOV OR ON CABLE CHANNEL 4.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE/ROLL CALL

2. CITY'S VISION

3. CONSENT ITEMS - APPROVE

LINK TO DOCUMENT =

- Minutes - April 13, 2021 City Council Special Meeting - Executive Session.
- Minutes - April 13, 2021 City Council Regular Meeting.
- Approval of Proclamation, Arizona Community Foundation Day, May 7, 2021.
- AB 2666 Approval of award of Streets Maintenance Job Order Contracts to Cactus Asphalt, Inc. and J. Banicki Construction, Inc.
- AB 2668 Approval of a lease purchase agreement and related documents for a street sweeper purchase in the approximate amount of \$250,205.90 plus interest.
- AB 2671 Approval of a three-year contract for annual audit services with the auditing firm of CliftonLarsonAllen LLP for the fiscal years ending 2021 through 2023 with option to renew for two additional one-year terms.
- AB 2675 Approval of a resolution amending the Intergovernmental Agreement between the City of Sedona and the ADOT for the Intersection of SR 179 & SR 89A Improvements Project.

4. APPOINTMENTS - None.

5. SUMMARY OF CURRENT EVENTS BY MAYOR/COUNCILORS/CITY MANAGER

6. PUBLIC FORUM (This is the time for the public to comment on matters not listed on the agenda. The City Council may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.)

7. PROCLAMATIONS, RECOGNITIONS & AWARDS - None.

- Presentation of Proclamation, Arizona Community Foundation Day, May 7, 2021.

8. REGULAR BUSINESS




- AB 2673 **Presentation/discussion** regarding the Rapid Response Grant to Engage Sedona's Immigrant Community in the Harmony neighborhood.
- AB 2667 **Discussion/possible action** regarding ideas for possible resolutions for consideration by the League of Arizona Cities and Towns' Policy Committees.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.



Page 2, City Council Meeting Agenda Continued

- c. AB 2672 **Discussion/possible action** regarding the use of FY21 salary savings and/or general fund contingency to fund a 2.8% salary adjustment for City employees, commensurate with western states consumer price index inflation. This would have been applied to the FY21 wage scales but was suspended due to COVID-19 related financial concerns. 
- d. AB 2646 **Discussion/possible direction/action** regarding proposed State legislation and its potential impact on the City of Sedona. 
- e. AB 2571 **Discussion/possible direction** regarding issues surrounding the COVID-19 pandemic and the City's response. 
- f. **Reports/discussion** regarding Council assignments.
- g. **Discussion/possible action** regarding future meeting/agenda items.

9. EXECUTIVE SESSION

If an Executive Session is necessary, it will be held in the Vultee Conference Room at 106 Roadrunner Drive. Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).
- b. Return to open session. Discussion/possible action on executive session items.

10. ADJOURNMENT

Posted: 04/22/2021

By: DJ

Susan L. Irvine, CMC
City Clerk

Note: Pursuant to A.R.S. § 38-431.02 notice is hereby given to the members of the City Council and to the general public that the Council will hold the above open meeting. Members of the City Council will attend either in person or by telephone, video, or internet communications. The Council may vote to go into executive session on any agenda item, pursuant to A.R.S. § 38-431.03(A)(3) and (4) for discussion and consultation for legal advice with the City Attorney. Because various other commissions, committees and/or boards may speak at Council meetings, notice is also given that four or more members of these other City commissions, boards, or committees may be in attendance.

A copy of the packet with materials relating to the agenda items is typically available for review by the public in the Clerk's office after 1:00 p.m. the Thursday prior to the Council meeting and on the City's website at www.SedonaAZ.gov. The Council Chambers is accessible to people with disabilities, in compliance with the Federal 504 and ADA laws. Those with needs for special typeface print, may request these at the Clerk's Office. All requests should be made **forty-eight hours** prior to the meeting.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.

**Action Minutes
Special City Council Meeting
Vultee Conference Room, Sedona City Hall,
106 Roadrunner Drive, Sedona, Arizona
Tuesday, April 13, 2021, 2:00 p.m.**

1. Call to Order

Mayor Moriarty called the meeting to order at 2:00 p.m.

2. Roll Call

Council Present: Mayor Sandy Moriarty, Vice Mayor Scott Jablow, Councilor Kathy Kinsella, Councilor Tom Lamkin, Councilor Holli Ploog, Councilor Jon Thompson, Councilor Jessica Williamson.

Staff in attendance: City Manager Karen Osburn, City Clerk Susan Irvine.

3. Special Business

Motion: Councilor Williamson moved to enter into Executive Session at 2:01 p.m. Seconded by Vice Mayor Jablow. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Thompson, and Williamson) and zero (0) opposed.

- a. **Discussion regarding the employment and assignment of City Manager Karen Osburn including expectations and goal setting. This matter is brought in executive session pursuant to A.R.S. § 38-431.03(A)(1).**

Reconvened in open session at 3:54 p.m.

- b. **Return to open session. Discussion/possible action regarding executive session items.**

No action taken.

4. Adjournment

Mayor Moriarty adjourned the meeting at 3:54 p.m.

I certify that the above are the true and correct actions of the Special City Council Meeting held on April 13, 2021.

Susan L. Irvine, CMC, City Clerk

Date

Action Minutes
Regular City Council Meeting
City Council Chambers, Sedona City Hall,
102 Roadrunner Drive, Sedona, Arizona
Tuesday, April 13, 2021, 4:30 p.m.

1. Call to Order/Pledge of Allegiance/Moment of Silence/Roll Call

Mayor Moriarty called the meeting to order at 4:30 p.m.

Council Present: Mayor Sandy Moriarty, Vice Mayor Scott Jablow, Councilor Kathy Kinsella, Councilor Tom Lamkin, Councilor Holli Ploog, Councilor Jon Thompson, Councilor Jessica Williamson.

Staff Present: City Manager Karen Osburn, City Attorney Kurt Christianson, Management Analyst Megan McRae, Lieutenant Lucas Wilcoxson, City Clerk Susan Irvine.

2. City's Vision

Councilor Thompson read the City's Vision.

3. Consent Items

- a. **Minutes - March 23, 2021 City Council Regular Meeting.**
- b. **Minutes - March 24, 2021 City Council Special Meeting.**
- c. **Approval of Proclamation, Earth Day, April 22, 2021.**
- d. **Approval of Proclamation, Fair Housing Month, April 2021.**
- e. **AB 2663 Approval of a Resolution authorizing the Applicant's Agent Form submission to the Arizona Department of Emergency and Military Affairs (DEMA) changing the City's designated agent from the City Manager to the Director of Financial Services for applying for certain federal public assistance reimbursement funding for City expenditures related to the Coronavirus (COVID-19) pandemic.**
- f. **AB 2665 Approval of a Resolution authorizing acceptance of a grant award from the Governor's Office of Highway Traffic Safety (GOHS) in the amount of \$57,984 to purchase two motorcycles (one standard and one electric).**

Item 3f was pulled at the request of Councilor Williamson.

Motion: Councilor Williamson moved to approve consent items 3a, 3b, 3c, 3d, and 3e. Seconded by Councilor Ploog. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Thompson, Williamson) and zero (0) opposed.

Pulled Consent Item:

3f - AB 2665 Approval of a Resolution authorizing acceptance of a grant award from the Governor's Office of Highway Traffic Safety (GOHS) in the amount of \$57,984 to purchase two motorcycles (one standard and one electric).

Questions from Council answered by Lieutenant Wilcoxson.

Motion: Councilor Williamson moved to approve consent item 3f. Seconded by Councilor Lamkin. Vote: Motion carried unanimously with seven (7) in favor

(Moriarty, Jablow, Kinsella, Lamkin, Ploog, Thompson, Williamson) and zero (0) opposed.

4. Appointments – None.

5. Summary of Current Events by Mayor/Councilors/City Manager

Councilor Lamkin advised that Yappy Hour changes to summer hours of 8:00 to 9:00 a.m. on April 15th which allows the City to clean the Dog Park during this time, and the Library Hours are now 10:00 a.m. to 6:00 p.m. Monday through Thursday and 10:00 a.m. to 5:00 p.m. Friday and Saturday. Councilor Williamson advised that masks are required at the Library.

6. Public Forum

Steve Schliebs, Sedona, spoke about the Climate Action Plan and commended the City for the steps taken towards sustainability. He encouraged the City Council to have the political courage to make more drastic strides in this area.

Peggy Chaikin, Sedona, commended the City for their recent survey regarding the Climate Action Plan; however, she was disappointed in the lack of citizen participation in this important survey.

David Meyers, Sedona, thanked the City for moving the City forward in the sustainability area. He encouraged the City to only purchase electric vehicles in the future and thanked the City for the Earth Day Proclamation.

7. Proclamations, Recognitions, and Awards

a. Presentation of Proclamation, Earth Day, April 22, 2021.

Mayor Moriarty read the proclamation and presented it to Councilor Ploog. Councilor Ploog advised that there will be a motorcade with electric vehicles, bicycles, and motorcycles on April 22nd beginning at 10:00 a.m. at the Posse Grounds parking lot which will travel to Cottonwood and Clarkdale.

8. Regular Business

a. AB 2650 Discussion/possible action regarding approval of FY 22-23 provider agreements with Humane Society of Sedona, Sedona Community Center, Sedona Public Library, Sedona Recycles, and Verde Valley Caregivers Coalition and authorization of transfer of contingency funds of \$62,816 for FY21 additional costs.

Presentation by Megan McRae.

Comments from Council.

Kent Ellsworth, Big Park, Verde Valley Caregivers Executive Director, advised that they have provided trips for 150 Sedona residents to get to vaccine pods in Cottonwood and are now providing mobile vaccines for homebound Sedona residents as well.

Motion: Councilor Lamkin moved to approve the proposed provider agreements with Humane Society of Sedona, Sedona Community Center, Sedona Public Library, Sedona Recycles, and Verde Valley Caregivers Coalition and authorize the City Manager to sign said agreements subject to approval by the City Attorney.

Seconded by Councilor Kinsella. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Thompson, Williamson) and zero (0) opposed.

Motion: Councilor Kinsella moved to approve a budget transfer of \$62,816 from the contingency account to the service provider budgets to cover the additional costs for Fiscal Year 2020-21. Seconded by Councilor Ploog. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Thompson, Williamson) and zero (0) opposed.

Reopened Item 6. Public Forum.

Pamela Alejandra, Sedona, thanked the City for keeping the trails open during the pandemic. She stated that the dancing at Cathedral Rock on Tuesdays is beneficial and feels that there needs to be more parking or another solution to allow for this use.

b. AB 2660 Discussion/possible action regarding approval of amendments to the Sedona City Council Rules of Procedures and Policies.

Presentation by Kurt Christianson.

Questions and comments from Council.

Motion: Vice Mayor Jablow moved to approve the amendments to the City Council Rules of Procedure and Policies as shown on Exhibit A. Seconded by Councilor Williamson. Vote: Motion carried unanimously with seven (7) in favor (Moriarty, Jablow, Kinsella, Lamkin, Ploog, Thompson, Williamson) and zero (0) opposed.

c. AB 2646 Discussion/possible direction/action regarding proposed State legislation and its potential impact on the City of Sedona.

Presentation by Kurt Christianson.

Questions and comments from Council.

By majority consensus, Council agreed to have the City Attorney draft a letter for the Mayor's signature opposing the proposed flat rate income tax.

d. AB 2571 Discussion/possible direction regarding issues surrounding the COVID-19 pandemic and the City's response.

Presentation by Karen Osburn.

Questions and comments from Council.

Presentation and discussion only.

e. Reports/discussion regarding Council assignments – None.

9. Executive Session

Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).

b. Return to open session. Discussion/possible action on executive session items.

No Executive Session was held.

10. Adjournment

Mayor Moriarty adjourned the meeting at 6:44 p.m. without objection.

I certify that the above are the true and correct actions of the Regular City Council Meeting held on April 13, 2021.

Susan L. Irvine, CMC, City Clerk

Date



City of Sedona Proclamation Request Form

Full Name of Contact Person	Jennifer Perry
Contact Phone Number	928-399-7219
Contact Mailing Address	P.O. Box 558 Sedona AZ 86336
Contact Email Address	jperry@azfoundation.org
Group, Organization, Activity or Event Being Recognized (Please make sure you provide complete and current information about the group or event)	Arizona Community Foundation of Sedona
Website Address (if applicable)	https://www.azfoundation.org/Give-Where-You-Live/Sedona
Name of the sponsor(s) of the Proclamation (2 Council members or the City Manager)	Mayor Sandy Moriarty and Council Woman Holli Ploog
What is the proclaimed day, days, week or month? (e.g. 10/11/12, October 11-17, 2012, October 2012)	Friday, May 7, 2021
Would you like to attend a Council meeting for formal presentation of the Proclamation or would you like to pick it up?	<input checked="" type="checkbox"/> Presentation at Meeting <input type="checkbox"/> Pick up Proclamation
If you would like the Proclamation presented at a Council meeting, please provide the full name and contact information (phone number and email address) of the party who will accept it on behalf of the group.	Jennifer Perry Regional Director Arizona Community Foundation of Sedona 928-301-0166

Provide information about the organization/event including a mission statement, founding date, location and achievements.

The mission of the Arizona Community Foundation is to lead, serve and collaborate to mobilize enduring philanthropy for a better Arizona.

ACF of Sedona is an affiliate office of the AZ Community Foundation. It was established on May 7, 1991 thanks to the foresight of some of our local community members. With an initial gift of \$1,000 they set out to ensure that the Greater Sedona area would have it's own community endowment to provide philanthropic support in perpetuity.

2021 marks the 30th Anniversary of ACF of Sedona and now that initial \$1,000 gift has grown into 54 different funds each designated to support aspects of our community including scholarships, environmental protection, arts, healthcare and more.

Over the past 30 years ACF of Sedona has granted over \$7 million in scholarships and grants to area non-profits and students seeking scholarship assistance.

Please explain why this Proclamation and any events accompanying it are important to the Community and are consistent with the City's vision statement and Community Plan goals. What is the clear reason for the Proclamation and why are you requesting this honor? What activities/events are planned around this Proclamation and how do you plan to promote this to the community?

The Arizona Community Foundation of Sedona is the philanthropic arm that assists the City to achieve its vision statement. ACF assists local residents to make enduring investments in the well being of our community. Funds include the Greater Sedona Fund for the Environment, the Sedona Arts and Culture Fund, the Sedona Healthcare Fund, the Animal Welfare Fund and the unrestricted Greater Sedona Community Fund. Proceeds of these funds are granted every year through a competitive grant cycle that local community members participate in, maintaining and building upon our sense of community.

The ACF of Sedona 30th Anniversary will be a year long celebration culminating with this proclamation and ending with the Spirit of Sedona 30th Anniversary Gala in February 2022. Funds will be raised throughout the year to benefit the Greater Sedona Community Fund that will be endowed to support our community for many years to come.

Please include a draft of the proposed Proclamation with this request, preferably a Word file in electronic format.

**Office of the Mayor
City of Sedona, Arizona**



**Proclamation
Arizona Community Foundation Day
May 7, 2021**

WHEREAS, Arizona Community Foundation (ACF) of Sedona is celebrating 30 years of leading, serving, and collaborating to mobilize enduring philanthropy for a better Sedona; and

WHEREAS, ACF of Sedona provided over \$7 million in grants for non-profits and scholarships for deserving students; and

WHEREAS, ACF established the Sedona Arts Fund, Greater Sedona Fund for the Environment, and the Sedona Healthcare Fund providing over 155 grants that support arts, the environment, and health and wellbeing of residents; and

WHEREAS, ACF established the Greater Sedona Community Fund which granted over \$2M to support community improvement projects, educational initiatives, along with emergency funding to support wildfire mitigation; and

WHEREAS, ACF assisted families to establish funds supporting our neediest community members including victims of abuse, foster children, homeless, and immigrants; and

WHEREAS, ACF established the Tolerance Learning Center Fund to support organizations that offer cultural diversity education and training; and

WHEREAS, ACF established the Pathway to Careers Scholarship Fund to provide scholarships to local students of all ages to pursue career and technical training; and

WHEREAS, ACF helps donors to give during their lifetime and to establish planned gifts to benefit their charity of choice or the community at large and makes it easy for residents to give where they live with confidence; and

WHEREAS, ACF Day is an opportunity to recognize the generous community members who have invested in our local community foundation to ensure that our non-profits will be able to receive grants to support their work in perpetuity; and

WHEREAS, ACF Day is chance for us to stop and imagine what our collective philanthropic gifts might accomplish in the next 30 years.

NOW, THEREFORE, I, SANDY MORIARTY, MAYOR OF THE CITY OF SEDONA, ARIZONA, ON BEHALF OF THE SEDONA CITY COUNCIL, hereby proclaim Friday, May 7, 2021, as Arizona Community Foundation Day in Sedona in recognition of 30 years of philanthropy and assistance to our community.

Issued this 27th day of April, 2021.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk



**CITY COUNCIL
AGENDA BILL**

**AB 2666
April 27, 2021
Consent Items**

Agenda Item: 3d
Proposed Action & Subject: Approval of award of Streets Maintenance Job Order Contracts to Cactus Asphalt, Inc. and J. Banicki Construction, Inc.

Department	Public Works
Time to Present	N/A
Total Time for Item	
Other Council Meetings	N/A
Exhibits	A. Contract B. Cactus Unit Price Proposal C. Banicki Unit Price Proposal

City Attorney Approval	Reviewed 4-20-21 KWC	Expenditure Required	
		\$	1,150,000
City Manager's Recommendation	Approve award of a Streets Maintenance Job Order Contract to Cactus Asphalt, Inc. and J. Banicki Construction, Inc.	Amount Budgeted	
		\$	1,150,000
		Account No. (Description)	11-5320-39-6770 HURF Streets Rehab/Preservation
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Staff is requesting approval of Job Order Contracts (JOC) with Cactus Asphalt, Inc. (Cactus) and J. Banicki Construction, Inc. (Banicki) for street maintenance projects. These projects will primarily include annually programmed pavement preservation and road rehabilitation but may also include general right-of-way maintenance.

Background: Cactus and Banicki were selected through a Request for Qualifications process. The request for qualifications was advertised on December 18, 2020. Seven Statements of Qualifications (SOQ) were received and reviewed by a selection committee consisting of Public Works staff members and a local licensed contractor. The SOQ's detailed each construction firm's team members, approach to performing the required services, local knowledge, and similar project experience. SOQ reviews were completed on February 9, 2021. Based on qualifications the top three firms were identified as Cactus, Banicki, and Fann Contracting. In the second step of this process, unit pricing was requested from all three contractors. Unit prices were received on April 9, 2021, and the prices were evaluated giving a higher weighting to the items with the most extensive scope. Based on the analysis and grading system for the SOQ's, combined with the unit pricing evaluation, Cactus

and Banicki rated as the top two contractors to be awarded the City of Sedona Street Maintenance Projects Job Order Contracts. Each contractor will be awarded a separate JOC.

These JOC's will be one-year contracts renewable for up to four additional one-year periods. The maximum amount for each contract will be \$1M per year. Work will be divided between the two contractors based on performance and pricing. The option to extend the contracts will be exercised based on the contractors' successful performance and the needs of the City. Future contract renewals would be presented to Council for approval. The first year of the contracts are anticipated to cover milling and overlaying Rodeo Road. It will also include placement of a fractured aggregate surface treatment (FAST) in the Arroyo Pinon, Cedar Ridge, Doodlebug, Loma Topkie, Mystic Hills, and Thunder Mountain Ranch subdivisions. It may also include seal coating of roadways paved within the last 5 years, and general right-of-way maintenance.

The City has worked with Cactus for the past 5 years as they were awarded the JOC in 2015. Staff was generally satisfied with their work. At times there were issues with their performance, but they have revised the way they manage individual projects to ensure there is a single point of contact that oversees all aspects of the work. This has resulted in better communication and results. Banicki has completed multiple successful projects for the City including the Uptown Paving Project, the Navoti – Calle Del Sol Intersection Project, and most recently the Sunset Drive Crossing Drainage Improvements. Staff is therefore recommending approval of a JOC to Cactus and Banicki.

Community Plan Consistent: Yes - No - Not Applicable

Chapter 4 of the Community Plan addresses Circulation. One of the six major goals of this chapter is to provide for safe and smooth flow of traffic, which can help be accomplished through pavement preservation and road rehabilitation.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

- 1) Re-advertise for JOC contractor selection.
- 2) Advertise the projects through public bid process and risk awarding to a much less qualified contractor.

MOTION

I move to: approve award of Streets Maintenance Job Order Contracts to Cactus Asphalt, Inc. and J. Banicki Construction, Inc. subject to approval of a written contracts by the City Attorney.



City of Sedona

STREET MAINTENANCE PROJECTS JOB ORDER CONTRACT

CONTRACT NO. 21-S-01

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CITY OF SEDONA

CONTRACT NO. 21-S-01

THIS AGREEMENT made and entered by and between City of Sedona, hereinafter designated the "CITY" and "XXXXXXXXXX" hereinafter designated the "JOC CONTRACTOR"

RECITALS

- A.** The City Manager of the City of Sedona, Arizona, is authorized and empowered by the City Council to execute contracts for construction and related services.
- B.** The City intends to contract for construction and related services for one or more Job Orders.
- C.** The JOC Contractor has represented to the City the ability to provide or procure the required construction and related services and, based on this representation, the City engages JOC CONTRACTOR for these services.

NOW THEREFORE, for and in consideration of the mutual covenants and considerations hereinafter contained, it is agreed by and between the City and the JOC Contractor as follows:

ARTICLE 1 – DEFINITIONS AND TERMS

When the Contract indicates that work shall be "accepted, acceptable, approve, authorized, condemned, considered necessary, contemplated, deemed necessary designated, determined, directed, disapproved, established, given, indicated, insufficient interpreted, ordered, permitted, rejected, required, reserved, satisfactory, specified sufficient, suitable, suspended, unacceptable, unsatisfactory," it shall be understood that these expressions are followed by the words "by the City of Sedona".

Wherever the following abbreviations, terms, or pronouns are used in the: specifications, plans, or other Contract Documents, the intent and meaning shall interpreted as follows:

ABBREVIATIONS

AAC	American Architecture Committee
AAN	American Association of Nurserymen
AAR	Association of American Railroads
AASHTO	American Association of State Highway and Transportation Officials
ACI	American Concrete Institute
ADEQ	Arizona Department of Environmental Quality
ADOT	Arizona Department of Transportation
AGC	Associated General Contractors of America
AI	Asphalt Institute
AIA	American Institute of Architects
AISC	American Institute of Steel Construction
AISI	American Iron and Steel Institute
AITC	American Institute of Timber Construction
ANSI	American National Standards Institute, Inc.
ARA	American Railway Association
ARS	Arizona Revised Statutes
AREA	American Railway Engineering Association
ARTBA	American Road and Transportation Builders Association
ASCE	American Society of Civil Engineers
ASLA	American Society of Landscape Architects
ASME	American Society of Mechanical Engineers

ASTM	American Society for Testing and Materials
ATSSA	American Traffic Safety Services Association
AWG	American Wire Gauge
AWPA	American Wood Preservers' Association
AWS	American Welding Society
AWWA	American Water Works Association
CRSI	Concrete Reinforcing Steel Institute
EIA	Electric Industries Association
FHWA	Federal Highway Administration, Department of Transportation
FSS	Federal Specifications and Standards
IEEE	Institute of Electrical and Electronics Engineers
IES	Illuminating Engineering Society
IMSA	International Municipal Signal Association
IPCEA	Insulated Power Cable Engineers Association
ITE	Institute of Transportation Engineers
MAG	Maricopa Association of Governments
MIL	Military Specifications
MUTCD	Manual on Uniform Traffic Control Devices
NEC	National Electrical Code
NEMA	National Electrical Manufacturers' Association
NIST	National Institute of Standards and Technology
NSF	National Sanitation Foundation (NSF)
SAE	Society of Automotive Engineers
UL	Underwriters Laboratories, Inc.

DEFINITIONS

“Advertisement” - A public announcement inviting proposals for work to be performed or materials to be furnished.

“Agreement” or “Job Order Contract” or “JOC” means this fully executed agreement between City and JOC Contractor, and includes other documents itemized and referenced in or attached to and made part of this Agreement.

“Award” - The acceptance by the City of a proposal.

“Basis of Payment” -The terms under which "work" is paid, as a designated pay item accordance with the quantity measured and the pay unit.

“Bidder” - Any individual, partnership, joint venture, firm or corporation submitting a proposal for the advertised work, acting directly or through a duly authorized representative.

“Calendar Day” - Each and every day shown on the calendar, beginning and ending at midnight.

“Certified Invoice” - An invoice from a supplier which has been reliably endorsed by the Contractor guaranteeing that the material was purchased and received for the project and establishing the value of the material.

“Change Order” - A written instrument issued after execution of a Job Order Amendment signed by City and JOC Contractor, stating their agreement upon all of the following: the scope of the change in Job Order; the amount of the adjustment to the Job Order Price; and the extent of the adjustment to the Job Order Time.

“City” means the City of Sedona, Arizona.

“City’s Representative” means the person designated in Subdivision 8.4.1.2. of this agreement.

"City’s Senior Representative" means the person designated in Subdivision 8.4.1.1. of this agreement.

“Claim” - A written demand or request for additional compensation or additional time submitted to the Engineer that:

1. Contains the words “This is a claim...”, within its Subject line or the first paragraph
2. Cites the contractual basis for the demand or request
3. Relates the Contractual basis cited to factual events occurring or that have occurred within the project.

“Completion Date” -The date on which the contract work is specified to be fully completed, but not limited to clean up of the work site and staging areas and submittal of record drawings.

“Construction Documents” means the plans, specifications and drawings prepared by a Design Professional or technically competent person and approved by the City after correcting for permit review requirements and incorporating addenda and approved Change Orders.

“Contract Amendment” means a specific written concurrence between the Owner and the JOC Contractor for changes to and/or extension of this Agreement.

“Contract Change Order” - A written order issued to the Contractor by the City covering extra work, additions or alterations to the plans and specifications, and establishing the basis of payment and time adjustment for the work affected by the changes. The Contract Change Order is the only method authorized for changing the Contract.

“Contract Documents” means the following items and documents in descending order of precedence executed by the City and the JOC Contractor:

- (i) Change Orders;
- (ii) Job Order Amendments
- (iii) Contract Amendments
- (iv) This Job Order Contract (this document), including description of and Basis of Payment for Unit Price JOC Work Activity
- (v) Payment and Performance Bonds
- (vi) Notice to Proceed
- (vii) Special Conditions
- (viii) Special Provisions/Technical Specifications
- (ix) Plans and Drawings
- (x) General Conditions
- (xi) Standard Specifications
- (xii) JOC Contractor’s Proposal (if any)
- (xiii) JOC Contractor Statement of Qualifications

“Contract Price” means the amount or amounts set forth in Article 5 subject to Contract Amendments in accordance with this Agreement.

“Contract Services” means the services required by the Contract Documents.

“Contract Time(s)” means the time set forth in Article 4 subject to Contract Amendments in accordance with this Agreement.

“Contractor” - Party contracting directly with the City to furnish and perform all work and services in accordance with the Contract Documents.

“Cost-coefficient” means the multiplier shown in Section 5.2.2 used to calculate Job Order Price.

“County” -The county in which the work is to be done

“Day(s)” means calendar days unless otherwise specifically noted in the Contract Documents.

“Design Professional” means a qualified, licensed design professional who furnishes design and/or construction administration services.

“Differing Site Conditions” means concealed or latent physical conditions or subsurface conditions at the Site that (i) materially differ from the conditions indicated or frequently encountered for the type and scope of work indicated in the Job Order Amendment or (ii) are of an unusual nature, differing materially from the conditions ordinarily encountered and generally recognized as inherent in the Work. Differing Site Conditions may beneficially or adversely impact the work required.

“Duration of the Work” means the number of Days from a Job Order Notice to Proceed to Substantial Completion.

“Engineer”- The City Engineer; or his designated representative

“Extra Work” -Work not provided for in the Contract as awarded but determined by the City to be essential to the satisfactory completion of the Contract within its intended scope.

“Final Acceptance” means the completion of a Job Order as prescribed in Division 4.4.

“Gender and Number” -References are made as if masculine in gender and singular in number unless neuter gender is appropriate in the context; however, the use of any gender shall be applicable to all genders and the use of singular number shall include the plural and conversely.

“Inspector” - A person, persons, or firm authorized by the Engineer to make detailed reviews, observations, reports and determinations of contract performance.

“JOC Contractor” means JOC CONTRACTOR selected by the City to provide or procure construction and design services as detailed in this Agreement.

“JOC Contractor’s Representative” means the person described in Subdivision 8.4.2.2. of this agreement.

“JOC Contractor’s Senior Representative” means the person described in Subdivision 8.4.2.1. of this agreement.

“Job Order” or “Project” means a specific scope of Contract Services done pursuant to a Job Order Amendment.

“Job Order Amendment” means a specific written agreement between the Owner and the JOC Contractor for a Job Order including a scope, a Job Order Price, a Duration of the Work and any special conditions that may apply to be performed under this Agreement. The Job Order Amendment shall be considered to include as referenced or attached any plans, technical specifications, special provisions or drawings and specifications sufficient to locate the work site, describe the scope of work and allow the contractor to submit a complete price for the work, and the JOC Contractor’s proposal either by reference or inclusion.

“Job Order Price” means the amount calculated on the Unit Prices, Cost-coefficient and Special Items as prescribed in Division 5.2.

“JOC Payment Request” means the City form used by the JOC Contractor to request progress payments for Job Orders in accordance with Article 7.

“Job Order Time” means the time from the Job Order Notice-to-Proceed to Substantial Completion. The approved Job Order Time will be made part of this Agreement by executing a Job Order Amendment.

“Legal Requirements” means all applicable federal, state and local laws, codes, ordinances, rules, regulations, orders and decrees of any government or quasi-government entity having jurisdiction over a Project or Site, the practices involved in a Project or Site, or any Work.

“May” - Used to refer to permissive actions.

“Method of Measurement” - The manner in which a pay item is measured to conform with the pay unit.

“Minor Design Services” – Small in scope and up to a dollar figure of \$5000.00

“Notice for Change Order and Compensation” - A written notification submitted to the Engineer that a demand or request for additional compensation potentially may be made. The notification shall

1. Contain the words “Notification of a Claim” within its Subject line or the first paragraph
2. Describe the occurrence which is the reason that the Notice of Claim is being presented

“Notice to Proceed,” (NTP) means a written notice given by the City to the JOC Contractor fixing the date on which the JOC Contractor will start to perform the JOC Contractor’s obligations under this Work Order.

“Plans” - The drawings and pictures depicting the location and special orientation of the work to be done.

“Product Data” means illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the JOC Contractor to illustrate materials or equipment for some portion of the Work.

“Project” -The work to be completed pursuant to this contract.

“Proposal” -A standard form plus information supplied by the City, which contains spaces for completion by the Bidder which, when completed in its entirety and executed by the Bidder, along with all required additional documents, shall constitute the Bid. Said Bid shall constitute the Contractor’s offer to perform all Work required as set forth in the Contract Documents for the amount of money stated in the Bid.

“Proposal Form” - The documents furnished by the City on which the offer of a bidder is submitted.

“Proposal Guaranty” - The security furnished with a proposal to Guaranty that the bidder will enter into the Contract if the proposal is accepted.

“Record Documents” means the documents created pursuant to Section 2.10.

“Right of Way” - A general term denoting land, property, or interest therein, acquired for project related purposes including, but not limited to construction, work area, movement of equipment and other necessary and required project activities.

“Salvable Material” - Material that can be saved or salvaged. Unless otherwise designated or directed by the City or shown on the plans, all salvable material shall become the property of the Contractor. Asbestos, hazardous substances or materials, hazardous waste or any other regulated substances or materials shall be disposed of in accordance with all applicable federal, state and local regulations.

“Samples” means physical examples, which illustrate materials, equipment or workmanship and establish standards by which the Work will be judged.

“Shall” - Refers to mandatory actions by either the Contractor or the City.

“Shop Drawings” means drawings, diagrams, schedules and other data specially prepared for the Work by the JOC Contractor or a Subcontractor, Sub-subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Work.

“Site” means the land or premises on which a Job Order is located.

“Special Item(s)” means Work that is not included in the Unit Prices as amended and is unique to a specific Project.

“Subcontractor” or “Sub consultant” means any person or entity retained by JOC Contractor as an independent contractor to perform a portion of the Contract Services and shall include material, men and suppliers.

“Substantial Completion” means when a Job Order, or an agreed upon portion of a Job Order, is sufficiently complete so that City can occupy and use the Project or a portion thereof for its intended purposes and the City has pursuant to this contract accepted the work as substantially complete.

“Superintendent” - The Contractor's authorized representative in charge of the Work.

“Unit Prices” means the prices shown on Exhibit A subject to adjustment in accordance with Article 6.

“Work” means any construction and related services, including procuring and furnishing materials, equipment, services and labor, reasonably inferable from a Job Order Amendment.

Article 2 - JOC Contractor’s Services and Responsibilities

2.1 General Services

2.1.1 Contractor’s Understanding

- A. It is understood and mutually agreed that by submitting a proposal, the Contractor acknowledges that he has carefully examined all documents pertaining to the Work, the locations, accessibility, and general character of the site of the Work and all existing buildings and structures within and adjacent to the site, and has satisfied himself as to the nature of the Work, the condition of existing buildings and structures, the conformation of the ground, subsurface conditions, the character, quality, and equipment, machinery, plant, and any other facilities needed preliminary to and during prosecution of the Work, the general and local conditions, the construction hazards, and all other matters, including but not limited to any labor situation which can in any way affect the Work under the Contract. It is further mutually agreed that by submitting a proposal, the Contractor acknowledges that he has satisfied himself as to the feasibility sufficiency and correctness of the Contract Documents for the construction of the Work and that he accepts all the terms, conditions, and stipulations contained therein.
- B. No verbal agreement or conversation with any officer, agent, or employee of the City, either before or after the execution of the Contract, shall affect or modify any of the terms, conditions, or other obligations set forth in any of the Contract Documents.
- C. The Contractor in the execution of the Work shall conform to all applicable Federal and State laws, municipal ordinances, and the rules and regulations of all authorities having jurisdiction over employment discrimination, wages and working conditions, and the construction of the Work, including but not limited to all construction codes, O.S.H.A. Requirements, and safety codes, which may apply to (1) performance of the Work; (2) protection of adjoining and adjacent property; (3) maintenance of passage-ways, guard fences or other protective facilities; and shall obtain all permits and pay for licenses and approvals necessary for the construction of the Work and give all required notices.
- D. Prior to the award of the Job Order Contract, the successful bidder must apply for business registration in the City of Sedona and obtain a City of Sedona business license within 30 days of passage of business license legislation or a written determination that a business license is not required issued by the City’s Business License Section. The business license must remain valid throughout the life of this contract. Contractor must provide a copy of this business license or a written determination prior to award and at contract renewal.

- E. The Contractor understands that, unless specifically stated otherwise in the contract documents, the intent of the contract documents is to provide complete and operable facilities. The Contractor's bid amount for this project, therefore, shall be and is considered to be for completion in conformity with this understanding, regardless of whether some aspect of the work to be performed is named as a separate bid item or not.
- F. It is understood and mutually agreed that this project is unique in that it represents a continuous, full-time daily service to the City and the people it serves. For this reason, the Contractor must recognize that he and his employees shall act in a courteous and professional manner at all times. The City does not guarantee any use of the equipment or services described in this Contract and, therefore, no adjustments will be made because of non-use. The City of Sedona is not obligated or limited to having only the Contractor perform the tasks identified under the bid items and that the City may procure services through other providers of its choice. The Contractor further understands that if the Contractor is not available, refuses or declines to provide the services contracted for, although the City may obtain the services through others, the City may require reimbursement from the Contractor for any costs incurred above those the City would not have incurred had the Contractor provided the service.
- G. **NON-DISCRIMINATION.** Contractor, its agents, employees, and subcontractors, shall not discriminate in any employment policy or practice. "Discrimination" means to exclude individuals from an opportunity or participation in any activity or to accord different or unequal treatment in the context of a similar situation to similarly situated individuals because of race, color, gender, gender identity, sexual orientation, religion, national origin or ancestry, marital status, familial status, age, disability, or veteran status. (Ordinance 2015-10 (2015)).

2.1.2 The JOC Contractor shall furnish any and all labor, materials, equipment, transportation, utilities, services and facilities necessary to accomplish in the Job Order Amendment for which it is issued a Job Order Notice to Proceed in accordance with this Agreement. The City may determine it is in its best interest to furnish materials and equipment for a specific Job Order in accordance with the Job Order Amendment.

2.1.3 The Work shall be performed in a good, workmanlike and substantial manner and to the satisfaction of the City Engineer and under the direction and supervision of the City Engineer, or his properly authorized agents, within the care and skill of a qualified contractor in Sedona, Arizona.

Legal Residency Status. Subject to existing law, and regulations, illegal or undocumented aliens will not be employed by the Contractor for any work or services to be performed pursuant to this contract. The Contractor will ensure that this provision is expressly incorporated into any and all subcontracts or subordinate agreements issued in support of this contract. Contractor agrees to comply with the provisions of section 274A(a)(1)(A) and 274A(a)(2) of the Immigration and Nationality Act (8 U.S.C.1324a(a)(1)(A), 1324a(a)(2)) (the "INA employment provisions"), and any amendments thereto, prohibiting the unlawful employment of illegal or undocumented aliens. Under the terms of this agreement, the contractor shall not knowingly hire or employ for any work performed pursuant to this contract any workers or employees not lawfully authorized to work under the provisions of the Immigration and Nationality Act or any other applicable federal or state laws. Violation of the provisions of this section shall be deemed a material breach of this contract.

2.1.3.1 When practical, the City of Sedona will require that the Contractor provide estimates of cost in prior to being authorized to proceed with work. The Contractor shall give due diligence in

preparing such estimates that they be complete as to a general description of the work to be performed, the type of bid items applicable to the work, unit costs, an estimate of the time required for the work, and totals for performance of the work and its various parts.

2.1.3.2 The City requires record drawings of work performed. This may include shop drawings, sketches, maps, and line drawings indicating the performed work or work to be performed, when standard drawings need to be supplemented in order to define the work. The Contractor shall state upon completion of the work that it has been completed and that there are no latent defects. City inspection or lack thereof shall not excuse defective work.

2.1.4 JOC Contractor's Representative shall be reasonably available to the City and shall have the necessary expertise and experience required to supervise the Contract Services. A JOC Contractor's Representative will be assigned for each Job Order. JOC Contractor's Representative shall communicate regularly with the City and shall be vested with the authority to act on behalf of JOC Contractor.

2.2 Government Approvals and Permits

2.2.1 Unless otherwise provided, JOC Contractor shall obtain all necessary permits, approvals and licenses, not obtained or required to be specifically obtained by the City for the prosecution of the Work from any government or quasi-government entity having jurisdiction over the Project. A City of Sedona business license is required and must be kept current from year to year (See section 2.1.1.D.). The JOC Contractor is specifically reminded of the need to obtain the necessary environmental permits or file the necessary environmental notices.

2.2.2 Copies of these permits and notices must be provided to the City's Representative prior to starting the permitted activity. This provision does not constitute an assumption by the City of an obligation of any kind for violation of said permit or notice requirements. The JOC Contractor shall comply with the provisions of all permits, licenses and agreements as they bear on his activity and responsibility for the project, regardless of whether the City or the JOC Contractor obtained the permit license or agreement.

2.2.3 City shall be responsible for City of Sedona review and permit(s) fees for building and demolition permits. City will also pay City plan review and inspection fees for grading and drainage, water, sewer, and landscaping. City shall also pay for City utility design fees for permanent services.

2.2.4 JOC Contractor shall be responsible for all other permits and review fees not specifically listed in Division 2.2.3 above.

2.2.5 Arrangements for water required for construction purposes are the JOC Contractor's responsibility.

2.3 Pre-construction Conference

2.3.1 After execution of a Job Order Amendment and prior to the commencement of any Work on any Job Order, a pre-construction conference will be scheduled. If the volume of Job Order work contemplated and/or ongoing work is sufficient, the City or JOC contractor may request that several projects be discussed in a special meeting or routine ongoing meetings held regarding work under this contract.

- 2.3.2** The purpose of this conference is to establish a working relationship between the JOC Contractor, utility firms, and various City agencies. The agenda will include critical elements of the work schedule, submittal schedule, level of Record Drawings required, cost breakdown of major lump sum items, payment application and processing, coordination with the involved utility firms, and emergency telephone numbers for all representatives involved in the course of construction.
- 2.3.3** At a minimum, attendees shall include JOC Contractor Representative, who is authorized to execute and sign documents on behalf of the firm, the job superintendent, and the JOC Contractor's safety officer official.
- 2.3.4** The Job Order Notice to Proceed date will be confirmed.

2.4 Control of the Work

- The JOC Contractor shall properly guard and protect all partially finished work and shall be responsible for the same until the entire Job Order is completed and accepted by the City. Any payment for completed portions of the work shall not release the JOC Contractor from such responsibility; however, he shall turn over the entire work in full accordance with the specifications or Job Order Amendment before final settlement shall be made. In case of suspension of the work for any cause whatever, the JOC Contractor shall be responsible for the Project and shall take such precautions as may be necessary to prevent damage to the Project and shall erect any necessary temporary structures, signs, or other facilities at no cost to the City.
- 2.4.1** As part of completing work under the Job Order Amendment, the JOC Contractor shall remove all loose concrete, lumber, wire, reinforcing, debris and other materials not incorporated in the work from the site. Clean dirt or other material generated by the project from storm drainage pipes and the public roadway should also be removed unless otherwise excused by the Engineer.
 - 2.4.2** Unless otherwise provided in the Job Order Amendment to be the responsibility of City or a separate contractor, JOC Contractor shall provide through itself or Subcontractors the necessary supervision, labor, inspection, testing, start-up, material, equipment, machinery, temporary utilities and other temporary facilities to permit JOC Contractor to complete the Work consistent with the Job Order.
 - 2.4.3** JOC Contractor shall perform all construction activities efficiently and with the requisite expertise, skill and competence to satisfy the requirements of the Job Order. JOC Contractor shall at all times exercise complete and exclusive control over the means, methods, sequences and techniques of construction.
 - 2.4.4** Survey stakes and marks required for the completion of the construction shown on the plans and described in the specifications will be furnished by the JOC Contractor.
 - 2.4.5** JOC Contractor, its designee or the JOC Contractor's Superintendent shall be present at the Work at all times that construction activities are taking place.
 - 2.4.5.1** All elements of the Work, such as concrete work, pipe work, etc., shall be under the direct supervision of a foreman, superintendent or his designated representative on the Site who shall have the authority to take actions required to properly carry out that particular element of the work.
 - 2.4.5.2** In the event of noncompliance of this Division 6.1, the City may require the JOC Contractor to stop or suspend the Work in whole or in part.

- 2.4.6** Where the Job Order requires that a particular product be installed and/or applied by an applicator approved by the manufacturer, it is the JOC Contractor's responsibility to ensure the Subcontractor employed for such work is approved.
- 2.4.7** Before ordering materials or doing work, the JOC Contractor and each Subcontractor shall verify measurements at the Site and shall be responsible for the correctness of such measurements. No extra charge or compensation will be allowed because of differences between actual dimensions and the dimensions indicated on the drawings; differences, which may be found, shall be submitted to the City for resolution before proceeding with the work.
- 2.4.8** The JOC Contractor shall take field measurements and verify field conditions and shall carefully compare such field measurements and conditions and other information known to the JOC Contractor with the Job Order before commencing activities. Errors, inconsistencies or omissions discovered shall be reported to the City at once. Failure to do so would render any change order requested by the JOC Contractor void.
- 2.4.9** The Contractor shall establish and maintain all building and construction grades, lines, levels, and benchmarks, and shall be responsible for accuracy and protection of same. This work shall be performed or supervised by a licensed civil engineer or surveyor.
- 2.4.10** Any person employed by the JOC Contractor or any Subcontractor who, in the opinion of the City, does not perform his work in a proper, skillful and safe manner or is intemperate or disorderly shall, at the written request of the City, be removed from the Work by JOC Contractor or Subcontractor employing such person, and shall not be employed again in any portion of Work without the written approval of the City. The JOC Contractor or Subcontractor shall hold the City harmless from damages or claims, which may occur in the enforcement of this section.
- 2.4.11** JOC Contractor assumes responsibility to City for the proper performance of the work of Subcontractors and any acts and omissions in connection with such performance. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between City and any Subcontractor or Sub-Subcontractor, including but not limited to any third-party beneficiary rights.
- 2.4.12** JOC Contractor shall coordinate the activities of all Subcontractors. If City performs other work on the Project or at the Site with separate contractors under City's control, JOC Contractor agrees to reasonably cooperate and coordinate its activities with those of such separate contractors so that the Project can be completed in an orderly and coordinated manner without unreasonable disruption.

2.5 Control of the Work Site

- 2.5.1** Throughout all phases of construction, including suspension of Work, JOC Contractor shall keep the Site reasonably free from debris, trash and construction wastes to permit JOC Contractor to perform its construction services efficiently, safely and without interfering with the use of adjacent land areas. Prior to receiving Substantial Completion of the Work, or a portion of the Work, JOC Contractor shall remove all debris, trash, construction wastes, materials, equipment, machinery and tools arising from the Work or applicable portions thereof to permit City to occupy the Project or a portion of the Project for its intended use.
- 2.5.2** JOC Contractor shall take all necessary steps, procedures or means to prevent any dust nuisance due to construction operations. The dust control measures shall be maintained at all times to the satisfaction of the City.

- 2.5.3** JOC Contractor shall maintain ADA accessibility requirements during construction activities in an occupied building or facility, pedestrian ways and sidewalks. ADA accessibility requirements shall include, but not be limited to, parking, building access, entrances, exits, restrooms, areas of refuge, and emergency exit paths of travel. JOC Contractor shall be responsible for the coordination of all work to minimize disruption to building occupants and facilities.
- 2.5.4** Only materials and equipment which are to be used directly in the Work shall be brought to and stored on the Site by the JOC Contractor. When equipment is no longer required for the Work, it shall be removed promptly from the Site. Protection of construction materials and equipment stored at the Site from weather, theft, damage and all other adversity is solely the responsibility of the JOC Contractor.
- 2.5.5** The JOC Contractor is responsible for the cost to dispose of all waste products including excess earth material, which will not be incorporated into the work under this Agreement. The waste product referred to herein shall become the property of the JOC Contractor. The JOC Contractor shall provide for the legal disposal at an appropriate off-site location for all waste products, debris, etc., and shall make necessary arrangements for such disposal. Any disposal/dumping of waste products or unused materials shall conform to applicable Federal, State and Local Regulations.
- 2.5.6** The JOC Contractor will supervise and direct the Work. He will be solely responsible for the means, methods, techniques, sequences and procedures of construction. The JOC Contractor will employ and maintain on the Work a qualified supervisor or superintendent who shall have been designated in writing by the JOC Contractor as the JOC Contractor's representative at the site. The representative shall have full authority to act on behalf of the JOC Contractor and all communications given to the representative shall be as binding as if given to the JOC Contractor. The representative shall be present on the site at all times as required to perform adequate supervision and coordination of the work. Where appropriate all Provisions of M.A.G., Section 105.5, will be applicable.
- 2.5.7** The JOC Contractor shall plan and conduct all tasks to incorporate best management practice to minimize in accordance with Best Management Practices and governing regulations stormwater pollution and air pollution.
- 2.5.8** The JOC Contractor shall plan and conduct all tasks in a manner to minimize to the extent practicable the production of waste products.
- 2.5.9** Each work proposal presented by the JOC Contractor shall identify measures which will be taken to reduce production of waste, reduce air pollution, reduce noise pollution, storm water pollution, assure consideration of public convenience issues such as trash pickup, and pedestrian, bicycle and motorized vehicular movement. A reasonable cost for such measures shall be identified and subject to deduction for failure to aggressively implement the measures. The measures shall be subject to review and acceptance by the City.

2.6 Shop Drawings, Product Data and Samples

- 2.6.1** Shop Drawings, Product Data, Samples and similar submittals are not Contract Documents. The purpose of their submittal is to demonstrate for those portions of the Work for which submittals are required the way the JOC Contractor proposes to conform to the information given and the design concept expressed in the Contract Documents.
- 2.6.2** The JOC Contractor shall review, approve, verify, and submit to the City five copies of each Shop Drawing, Product Data, Sample, and similar submittal required by the Contract

Documents in accordance with the approved schedule as to cause no delay in the Work or in the activities of the City or of separate contractors. Submittals made by the JOC Contractor, which are not required by the Contract Documents, may be returned without action.

- 2.6.3** The JOC Contractor shall perform no portion of the Work requiring submittal and review of Shop Drawings, Product Data, Samples, or similar submittals until the respective submittal has been approved by the City. Such Work shall be in accordance with approved submittals. Three submittals are required unless otherwise specified in the Job Order Amendment.
- 2.6.4** By approving, verifying and submitting Shop Drawings, Product Data, Samples and similar submittals, the JOC Contractor represents that the JOC Contractor has determined and verified materials, field measurements and field construction criteria related thereto, or will do so, and has checked and coordinated the information contained within such submittals with the requirements of the Work and of the Job Order.
- 2.6.5** The JOC Contractor shall not be relieved of responsibility for deviations from requirements of the Job Order by the City's approval of Shop Drawings, Product Data, Samples or similar submittals unless the JOC Contractor has specifically informed the City in writing of such deviation at the time of submittal and the City has given written approval to the specific deviation. The JOC Contractor shall not be relieved of responsibility for errors or omissions in Shop Drawings, Product Data, Samples, or similar submittals by the City's approval thereof.
- 2.6.6** The JOC Contractor shall direct specific attention, in writing or on resubmitted Shop Drawings, Product Data, Samples, or similar submittals, to revisions other than those requested by the City on previous submittals.
- 2.6.7** Informational submittals upon which the City is not expected to take responsive action may be so identified in the Contract Documents.
- 2.6.8** When professional certification of performance criteria of materials, systems or equipment is required by the Job Order, the City shall be entitled to rely upon the accuracy and completeness of such calculations and certifications.

2.7 Quality Control, Testing and Inspection

2.7.1 Inspection

Inspectors may be stationed on the work site to report to the City's Representative or his Designee as to the progress of the work, the manner in which it is being performed, and also to report whenever it appears that material furnished or work performed by the JOC Contractor fails to fulfill the requirements of the specifications and Agreement. The Inspector may direct the attention of the JOC Contractor to such failure or infringement, but such inspection shall not relieve the JOC Contractor from any obligation to furnish acceptable materials or to provide completed construction that is satisfactory in every particular.

- 2.7.2** In case of any dispute arising between the Inspector and the JOC Contractor as to material furnished or the manner of performing the work, the Inspector shall have the authority to reject materials or suspend the work until the question and issue can be referred to and decided by the City. Inspectors are not authorized to revoke, alter, enlarge, relax, or release any requirements of the specifications. Inspectors shall in no case act as foremen or perform other duties for the JOC Contractor or interfere with the management of the work by the JOC Contractor.

2.7.3 Inspection or supervision by the City's Representative or Designee shall not be considered as direct control of the individual workman and his work. The direct control shall be solely the responsibility of the JOC Contractor.

2.8 Materials Testing

All materials used in the Work shall be new and unused, unless otherwise noted, and shall meet all quality requirements of the Job Order.

2.8.1 All construction materials to be used on the Work or incorporated into the Work, equipment, plant, tools, appliances or methods to be used in the Work may be subject to the inspection and approval or rejection of the City.

2.8.2 The procedures and methods used to sample and test material will be determined by the City. Unless otherwise specified, samples and test shall be made in accordance with the latest editions of the standard methods of AASHTO or ASTM, DSPM and MAG supplements.

2.8.3 For special inspection/testing, the City will select a pre-qualified Independent Testing Laboratory and will pay for initial City Acceptance Testing. Non-special inspection/testing will be paid by the Contractor unless otherwise agreed.

2.8.3.1 When the first and subsequent tests indicate noncompliance with the Job Order, the cost associated with that noncompliance will be paid for by the JOC Contractor.

2.8.3.2 When the first and subsequent tests indicate noncompliance with the Job Order, all retesting shall be performed by the same testing agency.

2.8.3.3 The JOC Contractor will cooperate with the selected testing laboratory and all others responsible for testing and inspecting the work and shall provide them access to the Work at all times.

2.8.4 At the option of the City, materials may be approved at the source of supply before delivery is started.

2.8.5 Code compliance testing and inspections required by codes or ordinances, or by a plan approval authority, and which are made by a legally constituted authority, shall be the responsibility of and shall be paid by the JOC Contractor, unless otherwise provided in the Job Order.

2.8.6 JOC Contractor's convenience and quality control testing and inspections shall be the sole responsibility of the JOC Contractor and paid by the JOC Contractor.

2.9 Approved Alternates

Plans and specifications may contain references to equipment and/or materials (patented or unpatented) or "approved alternate(s)." Such references shall be regarded as establishing a standard of quality, finish, appearance or performance, or as indicating a selection or design based upon compatibility with existing equipment, materials or details of construction inherent to the project design. Such references shall not be construed as limiting the selection to a specified item, source or design detail.

2.9.1 After execution of the Job Order Amendment, the JOC Contractor may submit a proposal to the City for approved alternates for items referenced in plans and specs. If the City approves the proposal for alternates a Change Order will be issued to reflect such changes. The proposal shall include all information necessary for proof of quality and suitability for substitution including benefits, engineering design and data (calculations) and/or detailed

plan modifications which may be required by the substitution. The JOC Contractor shall submit additional information and/or samples when required.

2.9.2 The City's Representative, will evaluate the information submitted, perform tests when necessary and make comparisons in order to approve or reject the proposal. If rejected, the City's Representative shall give notice of rejection to the JOC Contractor.

2.9.3 The Specifications may reference equipment or materials "or alternate". The reference to "or alternate" shall be construed to mean "or approved alternate" in every instance. Use of an alternate or substitute item shall be allowed only if approval was received as outlined in this Section.

2.10 Project Record Document

2.10.1 During the construction period, the JOC Contractor shall maintain at the jobsite a set of project plans and specifications of the Construction Document drawings and shop drawings for Project Record Document purposes.

2.10.1.1 The JOC Contractor shall mark these drawings to indicate the actual installation where the installation varies appreciably from the original Construction Documents. The JOC Contractor shall give particular attention to information on concealed elements, which would be difficult to identify or measure and record later. Items required to be marked include but are not limited to:

- Dimensional changes to the drawings.
- Revisions to details shown on Drawings
- Locations and depths of underground utilities
- Revisions to routing of piping and conduits.
- Revisions to electrical circuitry.
- Actual equipment locations.
- Culvert size and routing.
- Locations of concealed internal utilities.
- Changes made by Change Order.
- Details not on original Contract Drawings.

2.10.1.2 The JOC Contractor shall mark completely and accurately Record Documents prints of Construction Documents or Shop Drawings, whichever is the most capable of indicating the actual physical condition. Where Shop Drawings are marked, show cross-reference on the Construction Documents location. JOC Contractor shall mark drawings with detail and precision in accordance with these specifications, but not less than what it requires of the City and utilities in the marking of their facilities.

2.10.1.3 The JOC Contractor shall mark Project Record Drawings sets with red erasable colored pencil.

2.10.1.4 The JOC Contractor shall note Request for Information (RFI) Numbers, American Standards Institute (ASI) Numbers and Change Order numbers, etc., as required to identify the source of the change to the Construction Documents.

2.10.1.5 The JOC Contractor shall at the time of Substantial Completion, submit Record Documents prints and Shop Drawings to the City or its representative for review and comment.

2.10.2 Immediately upon receipt of the reviewed Record Documents from the City, the JOC Contractor shall correct any deficiencies and/or omissions to the drawings and prepare the following for submission to the City:

2.10.2.1 The original copy of the Record Documents (redline mark-ups).

2.11 Project Safety

- 2.11.1** The industrial environment in which the JOC Contractor for the City of Sedona operates may on occasion present a potential safety and health hazard to any who may be on the job site, if applicable governmental regulations and sound work rules for maintaining a safe place and environment are not followed. The Occupational Safety and Health Act (OSHA) and the City of Sedona loss control procedures are the minimum standard for safety and environmental protection and must be fully complied with at all times. All work shall be performed in compliance with all applicable federal, state and local laws, ordinances, statutes, rules and regulations including ADOSH policies and procedures. The JOC Contractor will be required to attend a City safety briefing session at the pre-construction meeting. The session shall be attended by the City's Representative, the designated Engineering Services staff, and a JOC Contractor's representative.
- 2.11.2** Engineering Services makes available a packet, which contains the City's OSHA compliance guidelines, emergency evacuation, the City's safety and health plan, and other safety information.
- 2.11.3** JOC Contractor shall conduct tailgate safety meetings regularly to ensure that safety on the job is given priority.
- 2.11.4** JOC Contractor shall contact the City's Representative and the City Engineering Services within one hour of the occurrence of an accident or injury arising out of the JOC Contractor's work under this Agreement.
- 2.11.5** JOC Contractor employees are encouraged to abate or remedy any unsafe act or condition, which may arise in the course of the JOC Contractor's work under this Agreement.
- 2.11.6** The City reserves the right to conduct safety audits at the job site and stop unsafe acts at any time. In addition, the City shall be notified should any OSHA inspection occur at a City job site.
- 2.11.7** JOC Contractor recognizes the importance of performing the Work in a safe manner so as to prevent damage, injury or loss to (i) all individuals at the Site, whether working or visiting, (ii) the Work, including materials and equipment incorporated into the Work or stored on-Site or off-Site, and (iii) all other property at the Site or adjacent thereto.
- 2.11.8** JOC Contractor assumes responsibility for implementing and monitoring all safety precautions and programs related to the performance of the Work.
- 2.11.9** JOC Contractor shall, prior to commencing construction, designate a Safety Representative with the necessary qualifications and experience to supervise the implementation and monitoring of all safety precautions and programs related to the Work. Unless otherwise required by the Contract Documents, JOC Contractor's Safety Representative shall be an individual stationed at the Site who may have responsibilities on the Project in addition to safety.
- 2.11.10** The Safety Representative shall make routine daily inspections of the Site and shall hold weekly safety meetings with JOC Contractor's personnel, Subcontractors and others as applicable.

- 2.11.11** JOC Contractor and Subcontractors shall comply with all Legal Requirements relating to safety, as well as any City-specific safety requirements set forth in the Contract Documents, provided that such City-specific requirements do not violate any applicable Legal Requirement.
- 2.11.12** JOC Contractor will immediately report in writing any safety-related injury, loss, damage or accident arising from the Work to City's Representative and, to the extent mandated by Legal Requirements, to all government or quasi-governmental authorities having jurisdiction over safety-related matters involving the Project or the Work. This written report will identify the injured party(s), the apparent cause of the injury, the witnesses to the injury, the response to the injury, and any other additional information that OSHA may require to be provided to the City.
- 2.11.13** JOC Contractor's responsibility for safety under this Section 2.12 is not intended in any way to relieve Subcontractors and Sub-Subcontractors of their own contractual and legal obligations and responsibility for (i) complying with all Legal Requirements, including those related to health and safety matters, and (ii) taking all necessary measures to implement and monitor all safety precautions and programs to guard against injury, losses, damages or accidents resulting from their performance of the Work.
- 2.11.14** JOC Contractor and Subcontractors must agree to provide Material Safety Data Sheets for all substances that are delivered to the City of Sedona, that come under the Occupational Safety and Health Administration Toxic and Hazardous Substances – Hazard Communication Standard, 29 CFR 1910.1200 Hazard Communication (reference Occupational Safety and Health Standards, Subpart Z Toxic and Hazardous Substances – Hazardous Communication Standard).

All JOC Contractors and all Subcontractors using chemicals on City of Sedona property, shall use only the safest chemicals, with the least harmful ingredients to human and animal health. These chemicals shall be approved for use by a City of Sedona representative prior to bringing them on property. Some chemicals that are automatically approved are legal fuel and non-accumulating, biodegradable, non-toxic chemicals.

JOC Contractor and all Subcontractors shall make every attempt to apply approved chemicals with highly volatile organic compounds, outside of working hours. Adequate ventilation shall be used at all times during the application of these approved chemicals.

In conjunction with the Occupational Safety and Health Standards, Subpart Z Toxic and Hazardous Substances – Hazard Communication Standard, 29 CFR 1910.1200 Hazard Communication, JOC Contractor and Subcontractors are hereby informed of the presence of (or possible presence of) chemicals in the area where the work requested will be performed. It is the responsibility of all selected Contractors to contact the City of Sedona for specific information relative to the type of chemicals that the City believes may be present and location of appropriate Material Safety Data Sheets.

- 2.11.15** Unless included in the Work, if the JOC Contractor encounters onsite material which he reasonably believes to contain asbestos, polychlorinated biphenyl (PCB), or other hazardous substances or materials regulated by Public Health Laws, he shall immediately stop work and report the condition to the City.
- 2.11.16** If the material is found to contain asbestos, PCB or other hazardous substances or materials regulated by Public Health Laws, the JOC Contractor shall not resume work in the affected area until the material has been abated or rendered harmless. The JOC Contractor and the City may agree, in writing, to continue work in non-affected areas onsite. An extension of Contract Time may be granted in accordance with Article 6.

2.11.17 Upon discovery of hazardous materials the JOC Contractor will comply with all applicable laws/ordinances and regulations and take all appropriate health and safety precautions.

2.12 Warranty

The provisions of M.A.G., Section 108.8 shall apply with the following additional requirements:

2.12.1 Should the JOC Contractor fail to begin repairs or corrective work within fourteen (14) calendar days after receipt of written notice from the City, the City may perform the necessary work and the JOC Contractor hereby agrees to reimburse the City for the actual cost.

2.12.2 If the Contractor is required to repair or replace any portion of the Project pursuant to the two-year guarantee provided by this section, the repair or replacement shall similarly be guaranteed for an additional one-year period from the date of completion of the repair.

2.12.2.1 This guarantee will not apply to damage caused by normal wear and tear or by acts beyond the JOC Contractor's control.

2.12.3 JOC Contractor's warranty obligation excludes defects caused by abuse, alterations, or failure to maintain the Work by persons other than JOC Contractor or anyone for whose acts JOC Contractor may be liable.

2.12.4 JOC Contractor's warranty obligation shall be for two (2) years unless otherwise stated in the Job Order Amendment.

2.12.5 Nothing in this warranty is intended to limit any manufacturer's warranty which provides City with greater warranty rights than set forth in this Section 2.12 or the Contract Documents. JOC Contractor will provide City with all manufacturers' warranties upon Substantial Completion of each job order.

2.13 Correction of Defective Work

2.13.1 JOC Contractor agrees to correct any Work that is found to not be in conformance with the Contract Documents, including that part of the Work subject to Section 2.12 above, within a period of two (2) years from the date of final acceptance of the Work or any portion of the Work by the City, or within such longer period to the extent required by the Contract Documents. A Progress Payment, or partial or entire use or occupancy of the Project by the City shall not constitute acceptance of Work not in accordance with the Contract Documents.

2.13.2 During the Work, JOC Contractor shall take meaningful steps to commence correction of such nonconforming Work as notified by the City. This includes the correction, removal or replacement of the nonconforming Work and any damage caused to other parts of the Work affected by the nonconforming Work. If JOC Contractor fails to commence the necessary steps during the Work, City, in addition to any other remedies provided under the Contract Documents, may provide JOC Contractor with written notice that City will commence correction of such nonconforming Work with its own forces.

2.13.3 JOC Contractor shall, take meaningful steps to commence correction of nonconforming Work subject to Section 2.12 above. These measures include but are not limited to timely correction of the Work. If the JOC Contractor fails to initiate necessary measures with such work within seven days of receipt of written notice from the City, the City, in addition to any other remedies provided under the Contract Documents, may provide JOC Contractor with

written notice that the City will commence correction of such nonconforming Work with its own forces.

- 2.13.4 If the City does perform such corrective Work, JOC Contractor shall be responsible for all reasonable costs incurred by the City in performing such correction.
- 2.13.5 The JOC Contractor shall immediately respond to any nonconforming Work that creates an emergency.
- 2.13.6 The two-year period referenced in Division 2.13.1 above applies only to JOC Contractor's obligation to correct nonconforming Work and is not intended to constitute a period of limitations for any other rights or remedies City may have regarding JOC Contractor's other obligations under the Contract Documents.

Article 3 - City's Services and Responsibilities

3.1 Duty to Cooperate. City shall, throughout the performance of the Contract Services, cooperate with JOC Contractor and perform its responsibilities, obligations and services in a timely manner to facilitate JOC Contractor's timely and efficient performance of the Contract Services and so as not to delay or interfere with JOC Contractor's performance of its obligations under the Contract Documents.

3.2 Information and Services. City shall furnish the JOC Contractor, at no cost to the JOC Contractor, the following information or services for this project:

- 3.2.1 One copy of data pertinent to the work. However, the JOC Contractor can request from the City information required for the project.
- 3.2.2 Project funding and budget allocations and any changes affecting the funding or budget allocations.
- 3.2.3 For purpose of determining the Job Order Price, any Plans and Specifications.

3.3 City's Representative

3.3.1 City's Representative shall be responsible for providing City-supplied information and approvals in a timely manner to permit JOC Contractor to fulfill its obligations under the Contract Documents.

3.3.2 City's Representative shall also provide JOC Contractor with prompt notice if it observes any failure on the part of JOC Contractor to fulfill its contractual obligations, including any default or defect in the project or non-conformance with the drawings and specifications.

3.4 Design Professional Services

3.4.1 The City may contract separately with one or more Design Professionals to provide architectural and/or engineering design of the Project in accordance with the provisions of A.R.S. §34-603. This does not relieve the JOC Contractor of their design responsibility.

3.4.2 The City may contract with the Design Professional to provide some or all of the following services during the performance of the Work

3.5 City's Separate Contractors

City is responsible for all work performed on the Project or at the Site by separate contractors under City's control. City shall contractually require its separate contractors to

cooperate with and coordinate their activities so as not to interfere with, JOC Contractor in order to enable JOC Contractor to timely complete the Work consistent with the Contract Documents.

Article 4 - Contract Time and Job Order Time

4.1 Contract Time

- 4.1.1 Contract Time shall commence on the Notice to Proceed date for this Agreement and shall be for one year with the option to extend for up to four one-year periods.
- 4.1.1.1 The option to extend will be exercised based on the contractor's successful performance and the needs of the City. This option to extend may be exercised at the sole discretion of the City.
- 4.1.1.2 A Contract Amendment will be processed for each extension and will commence on the anniversary date of the Notice to Proceed.
- 4.1.2 This Agreement will remain in full force and effect during the performance of any Job Order.
- 4.1.3 Work that has been started before the termination date of the contract can be completed after the termination date, however, no new Job Order Amendments may be issued.

4.2 Job Order Time

- 4.2.1 Job Orders may be issued at any time during the term of this Agreement.
- 4.2.2 Each Job Order will include a Job Order Notice to Proceed date, Duration of the Work as determined pursuant to Division 5.2 and a calculated Substantial Completion date.
- 4.2.3 JOC Contractor agrees that it will commence performance of the Work and achieve the Job Order Time.
- 4.2.4 Each Job Order Time shall be subject to adjustment in accordance with Article 6.

4.3 Substantial Completion

- 4.3.1 Substantial Completion of each Job Order is when all construction has been completed with the exception of final inspection punch list work. The purpose of granting or acknowledging substantial completion is to stop Job Order Time.
- 4.3.2 Prior to notifying the City in accordance to Division 4.3.3 below, the JOC Contractor shall inspect the Work and prepare and submit to the City a comprehensive list of items to be completed or corrected. The JOC Contractor shall proceed promptly to complete and correct items on the list. Failure to include an item on such list does not alter the responsibility of the JOC Contractor to complete all Work in accordance with the Contract Documents.
- 4.3.3 JOC Contractor shall notify the City in writing when it believes a Job Order, or to the extent permitted in the Contract Documents, a portion of the Job Order, is substantially complete.
- 4.3.4 Within five (5) days of City's receipt of JOC Contractor's notice, City and JOC Contractor will jointly inspect such Work to verify that it is substantially complete in accordance with the requirements of the Contract Documents.

- 4.3.5** If such Work is substantially complete, City shall prepare and issue a Certificate of Substantial Completion that will set forth (i) the date of Substantial Completion of the Work or portion thereof, (ii) the remaining items of Work that have to be completed within thirty (30) calendar days before Final Acceptance, (iii) provisions (to the extent not already provided in the Contract Documents) establishing City's and JOC Contractor's responsibility for the Project's security, maintenance, utilities and insurance pending Final Acceptance.
- 4.3.6** City, at its option, may use a portion of the Work which has been determined to be substantially complete, provided, however, that (i) a Certificate of Substantial Completion has been issued for the portion of Work addressing the items set forth in Division 4.3.5 above, (ii) JOC Contractor and City have obtained the consent of their sureties and insurers, and to the extent applicable, the appropriate government authorities having jurisdiction over the Project, and (iii) City and JOC Contractor agree that City's use or occupancy will not interfere with JOC Contractor's completion of the remaining Work.
- 4.4 Final Acceptance.** Upon receipt of written notice that the Work or identified portions of the Work is ready for final inspection and acceptance City and JOC Contractor will jointly inspect to verify that the remaining items of Work have been completed as set forth in Division 4.3.5. The City will issue a Final Acceptance Letter after the full work is complete.

4.5 Liquidated Damages.

- 4.5.1** JOC Contractor understands that if Substantial Completion is not attained within the Duration of the Work as adjusted for each Job Order, City will suffer damages, which are difficult to determine and accurately specify. The JOC Contractor agrees that if Substantial Completion is not attained within the Duration of the Work as adjusted, JOC Contractor shall pay City the amount prescribed in Division 4.5.2 below as liquidated damages for each Day that Substantial Completion extends beyond the date determined by the Duration of the Work as adjusted.
- 4.5.2** The liquidated damages for each Job Order unless a specific amount has been determined in the Job Order Amendment shall be per MAG Specifications Section 108.9, Table 108-1.

Article 5- Contract Price and Job Order Price

5.1 Contract Price.

This Agreement will have a maximum amount of **\$1,000,000**.

- 5.1.1** If the City opts to extend this Agreement pursuant to Division 4.1.1, the Contract Amendment will increase the maximum amount, if necessary.

5.2 Job Order Price

- 5.2.1.** Each Job Order price is subject to adjustments made in accordance with Article 6.
- 5.2.2** The Job Order Price shall be calculated using the Unit Prices as shown in Exhibit A, a cost for any Special Items and the Cost-Coefficient.
- 5.2.2.1** Unless otherwise provided in the Contract Documents, each Job Order Price is deemed to include all sales, use, consumer and other taxes which are legally enacted when negotiations concluded, whether or not yet effective or merely scheduled to go into effect.

- 5.2.2.2 The JOC Contractor guarantees to bring each Job Order within the Job Order Price or JOC Contractor alone will be required to pay the difference between the actual cost and the Job Order Price.
- 5.2.2.3 The Unit Prices and the Cost-coefficient are subject to adjustment by Contract Amendment in accordance with Article 6.
- 5.2.3 The scope of work will vary with each Job Order. At the beginning of each Job Order, a scope conference will be scheduled to define design and construction services required of the JOC Contractor. The Job Order Amendment and related documents will be given to the JOC Contractor.
- 5.2.3.1 The JOC Contractor will be asked to provide a proposal with the Job Order Price and a schedule indicating the Duration of the Work for the proposed Job Order based on the scope meeting and the provided documents.
- 5.3 If the JOC Contractor subcontracts or intends to subcontract part or all of the work under a job order and if the job order construction services contract includes descriptions of standard individual tasks, standard unit prices for standard individual tasks and pricing of job orders based on the number of units of standard tasks in the job order. All subcontracted work shall comply with the ARS most recent requirements.
- 5.3.1 The JOC Contractor shall deliver promptly to each Subcontractor invited to bid a coefficient to the JOC Contractor to do all or part of the work under one or more job orders:
- 5.3.1.2 A copy of the descriptions of all standard individual tasks on which the Subcontractor is invited to bid.
- 5.3.1.3 A copy of the standard unit prices for the individual tasks on which the Subcontractor is invited to bid.
- 5.3.2 If not previously delivered to the Subcontractor, the JOC Contractor shall deliver promptly the following to each Subcontractor invited to or that has agreed to do any of the work included in any job order:
- 5.3.2.1 A copy of the description of each standard individual task that is included in the job order and that the Subcontractor is invited to perform.
- 5.3.2.2 The number of units of each standard individual task that is included in the job order and that the Subcontractor is invited to perform.
- 5.3.2.3 The standard unit price for each standard individual task that is included in the job order and that the Subcontractor is invited to perform.

Article 6 – Changes to Job Order Price and Time

6.1 Delays to the Contract Services

- 6.1.1 If JOC Contractor is delayed in the performance of the Contract Services due to acts, omissions, conditions, events, or circumstances beyond its control and due to no fault of its own or those for whom JOC Contractor is responsible, the Job Order Times for performance shall be reasonably extended by Change Order.
- 6.1.2 The JOC Contractor shall request an increase in the Job Order Time by written notice including an estimate of probable effect of delay on progress of the Contract Services.

- 6.1.2.1** In the case of a continuing delay only one request is necessary. However, the City reserves the right to request, and the JOC shall provide, updates on the anticipated impact of the delay and changes in the cause or severity of the reason for the delay. The JOC shall provide the updates within three working days of the City request. Failure to provide the update shall result in a loss of delay claim time to the extent the update is received late.
- 6.1.2.2** Written notice shall be received within five (5) Days of the commencement of the cause of the delay.
- 6.1.2.3** When a written notice is received more than five (5) days after commencement of the cause of the delay, the period of delay shall be deemed to commence thirty (30) days prior to the giving of such notice.
- 6.1.3** By way of example, events that may entitle the JOC Contractor to an extension of the Job Order Time include acts or omissions of City or anyone under City's control (including separate contractors), changes in the Work, Differing Site Conditions, Hazardous Conditions, wars, floods, labor disputes, unusual delay in transportation, epidemics abroad, earthquakes, adverse weather conditions not reasonably anticipated, and other acts of God.
- 6.1.4** If adverse weather conditions are the basis for a request for additional Job Order Time, such requests shall be documented by data substantiating that weather conditions were abnormal for the period of time and could not have been reasonably anticipated, and that weather conditions had an adverse effect on the scheduled construction. Also, the JOC Contractor shall demonstrate that they took appropriate action to avoid or minimize the impact of the adverse weather.
- 6.1.5** It is understood, however, that permitting the JOC Contractor to proceed to complete any services, or any part of them, after the date to which the time of completion may have been extended, shall in no way act as a waiver on the part of the City of any of its legal rights herein.
- 6.1.6** In addition to JOC Contractor's right to a time extension for those events set forth in this Division 6.1, JOC Contractor shall also be entitled to an appropriate adjustment of the Job Order Price provided, however, that the Job Order Price shall not be adjusted for those events set forth in this Division 6.1 that are beyond the control of both JOC Contractor and City, including the events of war, floods, labor disputes, earthquakes, epidemics, adverse weather conditions not reasonably anticipated, and other acts of God.
- 6.1.7** If JOC Contractor is delayed in the performance of the Contract Services due to a delay for which the City is responsible, that is unreasonable under the circumstances and that was not within the contemplation of the parties to the contract, negotiations between the City and the JOC Contractor for the recovery of damages related to expenses incurred by the JOC Contractor may be initiated. This section shall not be construed to void any provision in the contract that requires notice of delays, provides for arbitration or other procedures for settlement or provides for liquidated damages.

6.2 Differing Site Conditions

- 6.2.1** If JOC Contractor encounters a Differing Site Condition, JOC Contractor will be entitled to an adjustment in the Job Order Price and/or Job Order Times to the extent JOC Contractor's cost and/or time of performance are adversely impacted by the Differing Site Condition. The City shall also be entitled to an adjustment due to Differing Site Conditions to one-half the beneficial impact of the Condition on the work.

6.2.2 Upon encountering a Differing Site Condition, JOC Contractor shall provide prompt written notice to City of such condition, which notice shall not be later than seven (7) days after such condition has been encountered. JOC Contractor shall, to the extent reasonably possible, provide such notice before the Differing Site Condition has been substantially disturbed or altered.

6.3 Errors, Discrepancies and Omissions.

6.3.1 If the JOC Contractor observes errors, discrepancies or omissions in the Contract Documents, he shall promptly notify the City and request clarification.

6.3.2 If the JOC Contractor proceeds with the Work affected by such errors, discrepancies or omissions, without receiving such clarifications, he does so at his own risk. Adjustments involving such circumstances made by the JOC Contractor prior to clarification by the City shall be at the JOC Contractor's risk.

6.4 City Requested Change in Job Order.

The City reserves the right to make, at any time during the progress of a Job Order, such alterations as may be found necessary or desirable.

6.4.1 Such alterations and changes shall not invalidate this Agreement or the Job Order Amendment nor release the surety and the JOC Contractor agrees to perform the Job Order as altered, the same as if it has been a part of the original Contract Documents.

6.4.2 The City will request a proposal for a change in a Job Order from JOC Contractor, and an adjustment in the Job Order Price and/or Job Order Times shall be made based on the Unit Prices, Cost-coefficient and time.

6.5 Legal Requirements.

The Job Order Price and/or Job Order Times shall be adjusted to compensate JOC Contractor for the effects of any changes in the Legal Requirements enacted after the date of the Job Order Amendment affecting the performance of the Work. Such effects may include, without limitation, revisions required to be made to the Construction Documents because of changes in Legal Requirements.

6.6 Change Orders.

6.6.1 City and JOC Contractor shall negotiate in good faith and as expeditiously as possible the appropriate adjustments. Upon reaching an agreement, the parties shall prepare and execute an appropriate Change Order reflecting the terms of the adjustment.

6.6.2 All changes to a Job Order authorized by Change Orders shall be performed under the conditions of the Contract Documents.

6.7 Minor Changes in a Job Order

6.7.1 The City has authority to order minor changes to a Job Order that do not materially and adversely affect the Work, including the design, quality, performance and workmanship required by the Contract Documents. Such changes shall be effected by written order and shall be binding on the City and JOC Contractor. The JOC Contractor shall carry out such written orders promptly.

6.7.2 JOC Contractor may make minor changes to a Job Order, provided, however that JOC Contractor shall promptly inform City, in writing, of any such changes and record such changes, if appropriate, on the Project Record Documents maintained by JOC Contractor.

6.7.3 Minor changes to a Job Order will not involve an adjustment in the Job Order Price and/or Job Order Times.

6.8 Job Order Price Adjustments

6.8.1 The increase or decrease in Job Order Price resulting from a change in the Work shall be determined by the Unit prices set forth in Exhibit A and the Cost-coefficient.

6.8.2 If application of such Unit Prices will cause substantial inequity to City or JOC Contractor because of differences in the character or quantity of such unit items as originally contemplated, such unit prices shall be equitably adjusted.

6.8.3 If City and JOC Contractor disagree upon whether JOC Contractor is entitled to be paid for any services required by City, or if there are any other disagreements over the scope of a Job Order or proposed changes to a Job Order, City and JOC Contractor shall resolve the disagreement pursuant to Article 8 hereof.

6.8.3.1 As part of the negotiation process, JOC Contractor shall furnish City with a good faith estimate of the costs to perform the disputed services in accordance with City's interpretations.

6.8.3.2 If the parties are unable to agree and City expects JOC Contractor to perform the services in accordance with City's interpretations, JOC Contractor shall proceed to perform the disputed services, conditioned upon City issuing a written order to JOC Contractor (i) directing JOC Contractor to proceed and (ii) specifying City's interpretation of the services that are to be performed.

6.9 Changes to Unit Prices and Cost- coefficient

6.9.1 If a work item needs to be added to the Unit Prices shown in Exhibit A, the city will determine the new Unit Price utilizing the same method used to determine the original Unit Prices.

6.9.2 If this Agreement is extended pursuant to Divisions 4.1 and 5.1, the Unit Prices may be changed based on inflationary, deflationary and market changes at the time of the extension.

6.9.2.1 The Unit Prices will be evaluated by the City utilizing the same method used to determine the original unit pricing.

6.9.2.2 Unit Prices affected by the price of bituminous material and diesel fuel will be adjusted based on the Arizona State Department of Transportation price adjustment formula for bituminous material and diesel fuel.

6.9.2.3 The JOC Contractor may provide documentation demonstrating market changes to be considered by the City.

6.9.3 If this Agreement is extended pursuant to Divisions 4.1 and 5.1, the Cost-coefficient may be adjusted at the time of the extension.

6.9.3.1 The Cost-Coefficient will be adjusted for documented changes in taxes, bonding and insurance.

6.9.3.2 Adjustment for changes in the JOC Contractor's operating costs may be negotiated.

- 6.9.4** During the Contract Time between extension dates the JOC Contractor may request in writing to the City Engineer a JOC Amendment to adjust a Unit Price or the Cost-coefficient.
- 6.9.5** Unit Price adjustments will be allowed at the extension of the contract, except as otherwise specifically stated.
- 6.10** **Emergencies.** In any emergency affecting the safety of persons and/or property, JOC Contractor shall act, at its discretion, to prevent threatened damage, injury or loss. Any change in the Job Order Price and/or Job Order Time(s) resulting from emergency work under this Section 6.10 shall be determined as provided in this Article 6.

Article 7- Procedure for Payment

7.1 Job Order Payment Request

- 7.1.1** At least five (10) working days prior to the date established for a progress payment, the JOC Contractor shall meet with the City's Representative to review the progress of the Work, as it will be reflected on the Job Order Payment Request.
- 7.1.2** The Job Order Payment Request shall constitute JOC Contractor's representation that the Work has been performed consistent with the Contract Documents, has progressed to the point indicated in the Job Order Payment Request, and that all Work for which payment is requested has been incorporated into the project and is clear of all claims, liens, encumbrances and security interests. The City reserves the right to request written documents verifying the clear status of any work for which payment is requested.

7.2 Partial Payments

- 7.2.1** Partial payment will be made for Job Orders with Duration of the Work greater than 90 Days and may be made if Duration of the Work is less than 90 Days.
- 7.2.2** JOC Contractor shall submit a Job Order Payment Request to the City once each calendar month, but not more than once in a 30-day period, beginning with the first month after the Job Order Notice to Proceed. The first payment request shall not be made prior to 15 days after starting the work.
- 7.2.3** The Job Order Payment Request may request payment only for equipment and materials incorporated into the Project.
 - 7.2.3.1** For equipment and materials suitably stored at the Site, the equipment and materials shall be protected by suitable insurance and City shall receive the equipment and materials free and clear of all liens and encumbrances.
 - 7.2.3.2** For materials and equipment stored off the Site, the City must approve the storage. The material and equipment must be stored within Yavapai County or Coconino County and be accessible for City's inspection. Title to such materials and equipment shall include applicable insurance, bonding, storage and transportation to the Site.
 - 7.2.3.3** All bonds and insurance required for stored materials shall be in the City's name.

7.3 Payment of Job Order Price

- 7.3.1** Invoice Processing: The City will not accept inaccurate, illegible, or incomplete invoices (requests for payments). Invoices shall be hard copy, with original signature. Electronic or facsimile signatures are not acceptable on the invoice.

7.3.1.1 The City distributes payments on every other Thursday, unless holidays dictate otherwise.

7.3.1.2 The City's Project Engineer must receive an acceptable, correct invoice with required supporting documentation not later than close of business on the Monday, ten calendar days prior to the expected check distribution day.

7.3.1.3 For projects longer than 60 calendar days duration, each request for payment shall be accompanied by a progress schedule, effective through the invoice period. The City shall not release a payment until the contractor provides an acceptable, accurate, and updated project schedule.

7.3.2 City shall pay JOC Contractor all amounts properly due. If City determines that JOC Contractor is not entitled to all or part of a JOC Contractor Payment Request, it will notify JOC Contractor in writing within (7) days after the date JOC Contractor Payment Request is received by the City. The notice shall indicate the specific amounts City intends to withhold, the reasons and contractual basis for the withholding, and the specific measures JOC Contractor must take to rectify City's concerns. JOC Contractor and City will attempt to resolve City's concerns. If the parties cannot resolve such concerns, JOC Contractor may pursue its rights under the Contract Documents, including those under Article 8 hereof.

7.4 Retention on Job Order Payments

Pursuant to Arizona Revised Statutes Title 34-609.B: There is a 10% retention for job-order-contracting construction services until 50% of the job is complete, then one-half of the retained amount is to be paid. Future retentions are limited to 5%.

7.5 Final Payment

7.5.1 After receipt of a final JOC Contractor Payment Request, City shall make final payment including retention as prescribed in this Article, provided that JOC Contractor has completed all of the Work in conformance with the Contract Documents and a Final Acceptance Letter has been issued by the City.

7.5.2 At the time of submission of its final JOC Contractor Payment Request for each job order, JOC Contractor shall provide the following information:

7.5.2.1 An affidavit that there are no claims, obligations or liens outstanding or unsatisfied for labor, services, material, equipment, taxes or other items performed, furnished or incurred for or in connection with the Work which will in any way affect City's interests; and

7.5.2.2 A general release executed by JOC Contractor waiving, upon receipt of final payment by JOC Contractor, all claims, except those claims previously made in writing to City and remaining unsettled at the time of final payment;

7.6 Payments to Subcontractors or Supplier

7.6.1 JOC Contractor shall pay its Subcontractors or suppliers within seven (7) calendar days of receipt of each progress payment from the City. The JOC Contractor shall pay for the amount of Work performed or materials supplied by each Subcontractor or supplier as accepted and approved by the City with each progress payment. No Contract between JOC Contractor and its Subcontractors and suppliers may materially alter the rights of any Subcontractor or supplier to receive prompt payment as provided herein.

7.6.2 If the JOC Contractor fails to make payments in accordance with these provisions, the City may take any one or more of the following actions and JOC Contractor agrees that the City may take such actions:

- 7.6.2.1 To hold the JOC Contractor in default under this Agreement;
 - 7.6.2.2 Withhold future payments including retention until proper payment has been made to Subcontractors or suppliers in accordance with these provisions;
 - 7.6.2.3 Reject all future offers to perform work for the City from the JOC Contractor for a period not to exceed one year from Substantial Completion date of this Project; or
 - 7.6.2.4 Terminate this agreement.
- 7.6.3 If JOC Contractor's payment to a Subcontractor or supplier is in dispute, JOC Contractor and Subcontractor or supplier agree to submit the dispute to any of one of the following dispute resolution processes within fourteen (14) calendar days from the date any party gives notice to the other: (a) binding arbitration; (b) a form of alternative dispute resolution (ADR) agreeable to all parties or (c) a City of Sedona facilitated mediation. When a disputed claim is resolved through ADR or otherwise, the JOC Contractor and Subcontractor or supplier agree to implement the resolution within seven (7) calendar days from the resolution date.
- 7.6.4 Should the City fail or delay in exercising or enforcing any right, power, privilege, or remedy under this Section, such failure or delay shall not be deemed a waiver, release, or modification of the requirements of this Section or of any of the terms or provisions thereof.
- 7.6.5 JOC Contractor shall include these prompt payment provisions in every subcontract, including procurement of materials and leases of equipment for this Agreement.

7.7 Record Keeping and Finance Controls

- 7.7.1 Records of the JOC Contractor's direct personnel payroll, reimbursable expenses pertaining to each Job Order and records of accounts between the City and JOC Contractor shall be kept on a generally recognized accounting basis and shall be available for three years after completion of the Project. The City reserves the right to review and comment upon the adequacy of the account records.
- 7.7.2 The City, its authorized representative, and/or the appropriate federal agency, reserve the right to audit the JOC Contractor's records to verify the accuracy and appropriateness of all pricing data, including data used to negotiate Contract Documents and any change orders.
- 7.7.3 The City reserves the right to decrease Contract provisions regarding account records, Price and/or payments made on this Agreement and also require reimbursement if, upon audit of the JOC Contractor's records, the audit discloses the JOC Contractor has provided false, misleading, or inaccurate cost and pricing data.
- 7.7.4 The JOC Contractor shall include a similar provision in all of its agreements with Subconsultants and Subcontractors providing services under the Contract Documents to ensure the City, its authorized representative, and/or the appropriate federal agency, has access to the Subconsultants' and Subcontractors' records to verify the accuracy of cost and pricing data.
- 7.7.5 The City reserves the right to decrease Contract Price and/or payments made on this Agreement if the above provision is not included in Subconsultants' and Subcontractors' contracts, and one or more Subconsultants and/or Subcontractors do not allow the City to audit their records to verify the accuracy and appropriateness of pricing data.

Article 8- Claims and Disputes

8.1 Requests for Contract Adjustments and Relief.

- 8.1.1** If either JOC Contractor or City believes that it is entitled to relief against the other for any event arising out of or related to Contract Services, such party shall provide written notice to the other party of the basis for its claim for relief.
- 8.1.2** Such notice shall, if possible, be made prior to incurring any cost or expense and in accordance with any specific notice requirements contained in applicable sections of the Agreement.
- 8.1.3** In the absence of any specific notice requirement, written notice shall be given within a reasonable time, not to exceed twenty-one (21) days, after the occurrence giving rise to the claim for relief or after the claiming party reasonably should have recognized the event or condition giving rise to the request, whichever is later.
- 8.1.4** Such notice shall include sufficient information to advise the other party of the circumstances giving rise to the claim for relief, the specific contractual adjustment or relief requested and the basis of such request. The amount of claim compensation cannot include compensation for factors occurring more than 21 days before the claim.

8.2 Dispute Avoidance and Resolution

- 8.2.1** The parties are committed to working with each other throughout the Project. If disputes or disagreements do arise, JOC Contractor and City shall in good faith work to resolve such disputes or disagreements in conformance with the procedures specified in this contract.
 - 8.2.2** JOC Contractor and City will first attempt to resolve disputes or disagreements at the field level through discussions between JOC Contractor's Representative and City's Representative.
 - 8.2.3** If a dispute or disagreement cannot be resolved through JOC Contractor's Representative and City's Representative within fifteen (15) days from the date any party gives notice to the other, JOC Contractor's Senior Representative and City's Senior Representative, upon the request of either party, shall meet as soon as conveniently possible, but in no case later than thirty (30) days after such a request is made, to attempt to resolve such dispute or disagreement.
- 8.3 Duty to Continue Performance** Unless provided to the contrary in the Contract Documents, JOC Contractor shall continue to perform the Work and City shall continue to satisfy its payment obligations which are not in dispute to JOC Contractor, pending the final resolution of any dispute or disagreement between JOC Contractor and City.

8.4 Representatives of the Parties

8.4.1 City's Representatives

- 8.4.1.1** City designates the individual listed below as the City's Senior Representative, which individual has the authority and responsibility for resolving disputes under Division 8.2.3:

Mr. J. Andy Dickey, PE, Assistant Community Development Director/City Engineer
102 Roadrunner Drive
Sedona, AZ 86336, 928-203-5039

8.4.1.2 The City designates the individual listed below as the City's Representative who will manage the Job Order.

Mr. Stephen Craver, PE
Associate Engineer
102 Roadrunner Drive
Sedona, AZ 86336, Phone: 928-203-5059

8.4.2 JOC Contractor's Representatives

8.4.2.1 JOC Contractor designates the individual listed below as the JOC Contractor's Senior Representative, which individual has the authority and responsibility for avoiding and resolving disputes under Division 8.2.3:

XXXXXX
XXXXXX
XXXXXX
XXXXXX

Phone:

8.4.2.2 JOC Contractor will designate an individual for each Job Order as the JOC Contractor's Representative.

Article 9 – Suspension and Termination

9.1 City's Right to Stop Contract Services

9.1.1 City may, at its discretion and without cause, order JOC Contractor in writing to suspend the Work on a Job Order. The JOC Contractor is responsible for site security and protection during a suspension unless otherwise stated in writing by the City. Payment for such work during suspension shall be subject to the compensation provisions of this contract.

9.1.2 JOC Contractor may seek an adjustment of the Job Order Price and/or Job Order Time if its cost or time to perform the Contract Services has been adversely impacted by any suspension or stoppage of Work by the City.

9.2 Termination for Convenience

9.2.1 Upon receipt of written notice to JOC Contractor, City may, at its discretion and without cause, elect to terminate this Agreement or any Job Order.

9.2.2 If the City suspends the Work on any Job Order for 181 consecutive Days or more, such suspension shall be deemed a termination for convenience.

9.2.3 Upon receipt of written notice of termination of this Agreement or any Job Order, the JOC Contractor shall proceed with the following obligations.

9.2.3.1 Stop Work as specified in the notice.

9.2.3.2 Place no further subcontracts or orders.

9.2.3.3 Terminate all subcontracts to the extent they relate to the work terminated.

9.2.3.4 Assign to the City all right, title and interest of the JOC Contractor under the subcontracts terminated, in which case the City shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.

9.2.3.5 Take any action that may be necessary for the protection and preservation of the property related to the Job Order or Orders that is in the possession of the JOC Contractor and in which the City has or may acquire an interest.

9.2.4 The JOC Contractor shall submit complete termination inventory schedules no later than 120 Days from the date of the notice of termination.

9.2.5 The City shall pay JOC Contractor the following:

9.2.5.1 The direct value of its completed Work and materials supplied as of the date of termination not to exceed the total value of the Job Order, unless approved by change order.

9.2.5.2 The reasonable costs and expenses attributable to such termination.

9.2.5.3 JOC Contractor shall be entitled to profit and overhead on completed Work only and shall not be entitled to anticipated profit or anticipated overhead for uncompleted Work. If it appears the JOC Contractor would have sustained a loss on the entire Contract Services had they been completed, the JOC Contractor shall not be allowed profit and the City shall reduce the settlement to reflect the indicated rate of loss.

9.2.6 The JOC Contractor shall maintain all records and documents for three years after final settlement. These records shall be maintained and subject to auditing as prescribed in Division 7.7.

9.3 City's Right to Perform and Terminate for Cause

9.3.1 If the City provides the JOC Contractor with a written order to provide adequate maintenance of traffic, adequate cleanup, adequate dust control or to correct deficiencies or damage resulting from abnormal weather conditions, and the JOC Contractor fails to comply in a time frame specified, the City may have work accomplished by other sources at the JOC Contractor's expense.

9.3.2 If JOC Contractor persistently fails to (i) provide a sufficient number of skilled workers, (ii) supply the materials required by the Contract Documents, (iii) comply with applicable Legal Requirements, (iv) timely pay, without cause, Subconsultants and/or Subcontractors, (v) prosecute the Contract Services with promptness and diligence to ensure that a Job Order is completed by the Job Order Time, as such times may be adjusted, or (vi) perform material obligations under the Contract Documents, then City, in addition to any other rights and remedies provided in the Contract Documents or by law, shall have the rights set forth in Divisions 9.3.3 and 9.3.4 below.

9.3.3 Upon the occurrence of an event set forth in Division 9.3.2 above, City may provide written notice to JOC Contractor that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days or other longer period, not to exceed ninety (90) days at the sole discretion of the City as specified in the notice, of JOC Contractor's receipt of such notice.

9.3.3.1 If JOC Contractor fails to cure, or reasonably commence to cure, such problem, then City may give a second written notice to JOC Contractor of its intent to terminate within an additional seven (7) days or other longer period, not to exceed ninety (90) days at the sole discretion of the City as specified in the notice, of JOC Contractor's receipt of such notice.

- 9.3.3.2** If JOC Contractor, within the second period, fails to cure, or reasonably commence to cure, such problem, then City may declare the Agreement terminated for default by providing written notice to JOC Contractor of such declaration.
- 9.3.4** Upon declaring the Agreement terminated pursuant to Subdivision 9.3.3.2 above, City may for all Job Orders enter upon the premises and take possession, for the purpose of completing the Work, of all materials, equipment, scaffolds, tools, appliances and other items thereon, which have been purchased or provided for the performance of the Work, all of which JOC Contractor hereby transfers, assigns and sets over to City for such purpose, and to employ any person or persons to complete the Work and provide all of the required labor, services, materials, equipment and other items.
- 9.3.5** In the event of such termination, JOC Contractor shall not be entitled to receive any further payments under the Contract Documents until the Work on all Job Orders shall be finally completed in accordance with the Contract Documents. At such time, the JOC Contractor will only be entitled to be paid for Work performed and accepted by the City prior to its default.
- 9.3.6** If City's cost and expense of completing the Work exceeds the unpaid balance of a Job Order Price or Job Order Prices, then JOC Contractor shall be obligated to pay the difference to City. Such costs and expense shall include not only the cost of completing the Work, but also losses, damages, costs and expense, including attorneys' fees and expenses, incurred by City in connection with the re-procurement and defense of claims arising from JOC Contractor's default.
- 9.3.7** If City terminates this Agreement for cause and the termination is determined to have been without legal right, the termination for cause shall be deemed to have been a termination for convenience in accordance with the provisions of Division 9.2.

Article 10 - Insurance and Bonds

10.1 Insurance Requirements

- 10.1.1** Concurrently with the execution of this Agreement, the JOC Contractor shall furnish the City of Sedona a certificate of insurance on a standard insurance industry ACORD form. The ACORD form shall be issued by an insurance company authorized to transact business in the state of Arizona. The City shall be named as additional insured on liability policies
- 10.1.2** JOC Contractor, Subcontractors and Subconsultants shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Agreement are satisfied, insurance against claims for injury to persons or damage to property, which may arise from or in connection with the performance of the work hereunder by the JOC Contractor, his agents, representatives, employees, or Subcontractors.
- 10.1.3** The insurance requirements herein are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The limits on the insurance renew upon each extension of the contract and shall not be cumulative over the life of the contract.
- 10.1.4** The City in no way warrants that the minimum limits contained herein are sufficient to protect the JOC Contractor from liabilities that might arise out of the performance of the Contract Services under this Agreement by the JOC Contractor, his agents, representatives, employees, Subcontractors or Subconsultants and JOC Contractor is free to purchase such additional insurance as may be determined necessary.

10.2 Minimum Scope and Limits of Insurance. JOC Contractor shall provide coverage at least as broad and with limits of liability not less than those stated below.

10.2.1 Commercial General Liability-Occurrence Form (Each Occurrence)

(Form CG 0001, ed. 10/93 or any replacements thereof)

General Aggregate	\$2,000,000
Products-Completed Operations Aggregate	\$2,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage (Any one fire)	\$50,000

10.2.2 Automobile Liability-Any Auto or Owned, Hired and Non-Owned Vehicles (Each Occurrence)

(Form CA 0001, Ed 12/93 or any replacement thereof)

Combined Single Limit Per Accident	\$1,000,000
For Bodily Injury and Property Damage	

10.2.3 Workers Compensation and Employers Liability (Each Occurrence)

Workers Compensation Statutory

Employers Liability: Each Accident	\$100,000
Disease - Each Employee	\$100,000
Disease - Policy Limit	\$500,000

10.2.4 Builders' Risk Insurance (Course of Construction)

To be provided in the amount of 50% of the annual total or the annual total on the JOC.

10.3 Self-Insured Retentions

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

10.4 Other Insurance Requirements

The policies are to contain, or be endorsed to contain, the following provisions:

10.4.1 Commercial General Liability and Automobile Liability Coverages

10.4.1.1 The City of Sedona, its officers, officials, agents, and employees are additional insureds with respect to liability arising out of activities performed by, or on behalf of, the JOC Contractor including the City's general supervision of the JOC Contractor; products and completed operations of the JOC Contractor; and automobiles owned, leased, hired, or borrowed by the JOC Contractor.

10.4.1.2 The JOC Contractor's insurance shall contain broad form contractual liability coverage and shall not exclude liability arising out of explosion, collapse, or underground property damage hazards (XCU) coverage.

10.4.1.3 The City, its officers, officials, agents, and employees shall be additional insureds to the full limits of liability purchased by the JOC Contractor even if those limits of liability are in excess of those required by this Agreement. The commercial general liability additional

insured endorsement will be at least as broad as the Insurance Services Office, Inc.'s (ISO) additional insured, form B CG 20 10 11 85.

10.4.1.4 The JOC Contractor's insurance coverage shall be primary insurance with respect to the City, its officers, officials, agents, and employees. Any insurance or self-insurance maintained by the City, its officers, officials, agents, and employees shall be in excess of the coverage provided by the JOC Contractor and shall not contribute to it.

10.4.1.5 The JOC Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

10.4.1.6 Coverage provided by the JOC Contractor shall not be limited to the liability assumed under the indemnification provisions of this Agreement.

10.4.1.7 All policies, except Professional Liability, shall contain a waiver of subrogation against the City, its officers, officials, agents, and employees, for losses arising from work performed by the JOC Contractor for the City.

10.4.2 Workers' Compensation and Employers Liability Coverage: The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, agents, employees, and volunteers for losses arising from work performed by the JOC Contractor for the City.

10.4.3 Builders Risk Insurance (Course of Construction): required if subject contract involves any construction of buildings, building improvements, and civil works construction (storm drain, pipes, culverts and similar facilities) in whole or part. In addition, JOC Contractor bears all responsibility for loss to all work being performed or under construction.

10.4.3.1 Builders Risk Insurance shall be maintained until whichever of the following shall first occur: (i) final payment has been made; or, (ii) until no person or entity, other than the City of Sedona, has an insurable interest in the property required to be covered.

10.4.3.2 The builders' risk insurance shall be endorsed such that the insurance shall not be canceled or lapse because of any partial use or occupancy by the City.

10.4.3.3 This insurance shall include as named insureds, the City of Sedona, the JOC Contractor, Subcontractors, Sub-consultants and/or others with an insurable interest in the work.

10.4.3.4 This insurance shall be written on a Special Causes of Loss basis (minimally including the perils of fire, lightning, explosion, windstorm and hail, smoke, aircraft and vehicles, riot and civil commotion, theft, vandalism, malicious mischief, and collapse), replacement cost basis and shall include coverage for flood and earthquake.

10.4.3.5 All rights of subrogation are hereby waived against the City of Sedona, its officers, officials, agents and employees.

10.4.3.6 Builders' Risk Insurance must provide coverage from the time any covered property becomes the JOC Contractor's responsibility, and continuing without interruption during construction, renovation, or installation, including any time during which the covered property is being transported to the construction installation Site, or awaiting installation, whether on or off site.

10.4.3.7 JOC Contractor is responsible for payment of all deductibles under the builder's risk policy.

10.5 Sub-consultant's and Subcontractor's Insurance

JOC Contractors' certificates shall include all subcontractors as insureds under its policies or JOC Contractor shall furnish obtain separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be sufficient to cover all of its work performed herein.

10.6 Notice of Cancellation

Each insurance policy required by the insurance provisions of this Agreement shall provide the required coverage and shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice has been given, by certified mail, return receipt requested to:

**City of Sedona, Public Works
Mr. Stephen Craver, Associate Engineer
102 Roadrunner Drive
Sedona, Arizona 86336**

10.7 Acceptability of Insurers

Insurance is to be placed with insurers duly licensed or approved unlicensed companies in the State of Arizona and with an A. M. Best's rating of no less than B++6. The City in no way warrants that the above required minimum insurer rating is sufficient to protect the JOC Contractor from potential insurer insolvency.

10.8 Verification of Coverage

10.8.1 JOC Contractor shall furnish the City Certificates of Insurance (ACORD form or equivalent approved by the City) and with original endorsements effecting coverage as required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Any policy endorsements that restrict or limit coverages shall be clearly noted on the certificate of insurance.

10.8.2 All certificates and endorsements are to be received and approved by the City before Contract Services commence except for Builder's Risk Insurance, which will be received and approved as provided in Division 10.2.4. Each insurance policy required by this Agreement must be in effect at or prior to the earlier of commencement of Contract Services under the Contract Documents or the signing of this Agreement except for Builder's Risk Insurance which must be in effect prior to commencement to Work and remain in effect for the duration of the Project. Failure to maintain the insurance policies as required by this Agreement or to provide evidence of renewal is a material breach of contract.

10.8.3 All certificates of insurance required by this Agreement shall be sent directly to the City of Sedona, City Maintenance Superintendent. The project number and project description shall be included on the Certificates of Insurance. The City reserves the right to require complete, certified copies of all insurance policies required by this Agreement, at any time.

10.8 Approval

Any modification or variation from the insurance requirements in this Agreement shall be approved by the City of Sedona City Attorney, whose decision shall be final. Such action will not require a formal contract amendment but may be made by administrative action.

10.10 Bonds and Other Performance Security.

- 10.10.1** Prior to execution of each individual Job Order agreement, the contractor must provide a performance bond and a payment bond for all construction services, each in an amount equal to the full amount of the agreed upon cost for that Job Order.
- 10.10.2** Each such bond shall be executed by a surety company or companies holding a Certificate of Authority to transact surety business in the state of Arizona, issued by the Director of the Arizona Department of Insurance. A copy of the Certificate of Authority shall accompany the bonds. The Certificate shall have been issued or updated within two years prior to the execution of this Agreement.
- 10.10.3** The bonds shall be made payable and acceptable to the City of Sedona.
- 10.10.4** The bonds shall be written or countersigned by an authorized representative of the surety who is either a resident of the state of Arizona or whose principal office is maintained in this state, as by law required, and the bonds shall have attached thereto a certified copy of Power of Attorney of the signing official.
- 10.10.4.1** If one Power of Attorney is submitted, it shall be for twice the total Job Order Price.
- 10.10.4.2** If two Powers of Attorney are submitted, each shall be for the total Job Order Price. Personal or individual bonds are not acceptable.
- 10.10.5** Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Contract Documents, the JOC Contractor shall promptly furnish a copy of the bonds or shall permit a copy to be made.
- 10.10.6** All bonds submitted for this project shall be provided by a company which has been rated no less than B+6 by the A.M. Best Company.

Article 11 - Indemnification

11.1 JOC Contractor's General Indemnification

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

11.2 Insurance Provisions Separate

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

11.3 Intellectual Property

The JOC Contractor shall pay all royalties and license fees associated with its performance of services herewith. The JOC Contractor shall defend suits or claims for infringement of patent rights and shall hold the City harmless from loss on account thereof, but shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer or manufacturers is required by the Contract Documents. However, if the JOC Contractor has reason to believe that the required design, process or product is an infringement of a patent, the JOC Contractor shall be responsible for such loss unless such information is promptly furnished to the Design Professional.

Article 12 – General Provisions

12.1 Interpretation and Intent

12.1.1 The Contract Documents are intended to permit the parties to complete the Contract Services and all obligations required by the Contract Documents within the Job Order Times for the Job Order Prices. The Contract Documents are intended to be complementary and interpreted in harmony so as to avoid conflict, with words and phrases interpreted in a manner consistent with construction and design industry standards.

12.1.2 In the event of any inconsistency, conflict, or ambiguity between or among the Contract Documents, the Contract Documents shall take precedence in the order in which they are listed in the definition of Contract Documents in Article 1. On the drawings, given dimensions shall take precedence over scaled measurements, and large-scale drawings over small-scale drawings.

12.1.3 The Contract Documents form the entire agreement between City and JOC Contractor and by incorporation herein are as fully binding on the parties as if repeated herein. No oral representations or other agreements have been made by the parties except as specifically stated in the Contract Documents.

12.2 Amendments

The Contract Documents may not be changed, altered, or amended in any way except in writing signed by a duly authorized representative of each party.

12.3 Time is of the Essence

City and JOC Contractor mutually agree that time is of the essence with respect to the dates and times set forth in the Contract Documents.

12.4 Mutual Obligations

City and JOC Contractor commit at all times to cooperate fully with each other and proceed on the basis of trust and good faith, to permit each party to realize the benefits afforded under the Contract Documents.

12.5 Cooperation and Further Documentation

The JOC Contractor agrees to provide the City such other duly executed documents as shall be reasonably requested by the City to implement the intent of the Contract Documents.

12.5.1 Assignment

Neither JOC Contractor nor City shall, without the written consent of the other, assign, transfer or sublet any portion of this Agreement or part of the Work or the obligations required by the Contract Documents.

12.6 Force Majeure

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

12.7 Construction Methods

If the City provides the JOC Contractor with a written order to provide adequate maintenance of traffic (pedestrian and vehicular), clean-up, dust control or to correct deficiencies or damage resulting from abnormal weather conditions, and the JOC Contractor fails to comply in the time frame specified, the City may have work accomplished by other sources at the JOC Contractor's expense.

12.8 Utility Relocations for Construction Methods

~~If any utility is relocated or rebuilt to accommodate the JOC Contractor's construction methods and available equipment, the total cost of the work up to \$3000 shall be borne by the JOC Contractor (see Section 2.2.5).~~

12.9 Damaged Utilities during Construction

Any utilities damaged during construction shall be replaced at the JOC Contractor's expense as per the requirements of the M.A.G. Standard Specifications and the affected utility.

12.10 Successorship

JOC Contractor and City intend that the provisions of the Contract Documents are binding upon the parties, their employees, agents, heirs, successors and assigns. City does reserve the right to terminate the contract upon reassignment without penalty.

12.11 Conflict in Language

All services performed shall conform to all applicable City of Sedona codes, ordinances and requirements as outlined in the Contract Documents. If there is a conflict in interpretation between provisions in this Agreement and those in exhibits, the provisions in this Agreement shall prevail.

12.12 Third Party Beneficiary

Nothing under the Contract Documents shall be construed to give any rights or benefits in the Contract Documents to anyone other than the City and the JOC Contractor, and all duties and responsibilities undertaken pursuant to the Contract Documents will be for the sole and exclusive benefit of City and the JOC Contractor and not for the benefit of any other party.

12.13 Governing Law

The Agreement and all Contract Documents shall be deemed to be made under and shall be construed in accordance with and governed by the laws of the State of Arizona without

regard to the conflicts or choice of law provisions thereof. Any action to enforce any provision of this Contract or to obtain any remedy with respect hereto shall be brought in the Superior Court, Yavapai County, Arizona, and for this purpose, each party hereby expressly and irrevocably consents to the jurisdiction and venue of such Court.

12.14 Severability

If any provision of the Contract Documents or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of the Contract Documents and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

12.15 Legal Requirements

JOC Contractor shall perform all Contract Services in accordance with all Legal Requirements and shall provide all notices applicable to the Contract Services as required by the Legal Requirements.

12.16 Independent Contractor

The JOC Contractor is and shall be an independent contractor. Any provisions in the Contract Documents that may appear to give the City the right to direct the JOC Contractor as to the details of accomplishing the work or to exercise a measure of control over the work means that the JOC Contractor shall follow the wishes of the City as to the results of the work only. These results shall comply with all applicable laws and ordinances.

12.17 City's Right of Cancellation

All parties hereto acknowledge that this Agreement is subject to cancellation by the City of Sedona pursuant to the provisions of Section 38-511, Arizona Revised Statutes.

12.18 Survival

All warranties, representations and indemnifications by the JOC Contractor shall survive the completion or termination of this Agreement.

12.19 Covenant Against Contingent Fees

The JOC Contractor warrants that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, and that no member of the City Council, or any employee of the City of Sedona has any interest, financially, or otherwise, in the firm. For breach or violation of this warrant, the City of Sedona shall have the right to annul this Agreement without liability or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage, or contingent fee.

12.20 No Waiver

The failure of either party to enforce any of the provisions of the Contract Documents or to require performance of the other party of any of the provisions hereof shall not be construed to be a waiver of such provisions, nor shall it affect the validity of the Contract Documents or any part thereof, or the right of either party to thereafter enforce each and every provision.

12.21 Headings

The headings used in this Agreement, or any other Contract Documents, are for ease of reference only and shall not in any way be construed to limit or alter the meaning of any provision.

12.22 Notice

Whenever the Contract Documents require that notice be provided to the other party, notice will be deemed to have been validly given (i) if delivered in person to the individual intended to receive such notice, (ii) three (3) days after the date of the postmark of deposit by first class United States mail, registered or certified mail, postage prepaid to the address indicated below or (iii) if transmitted by facsimile, by the time stated in a machine generated confirmation that notice was received at the facsimile number of the intended recipient.

To City:	Mr. J. Andy Dickey, PE, City Engineer City of Sedona 108 Roadrunner Drive Sedona, Arizona 86336
To JOC Contractor:	XXXXX XXXXX XXXXX XXXXX

12.23 Equal Employment Opportunity

During the performance of this contract the JOC Contractor will follow the Federal government's Affirmative Action guidelines to ensure that employees or applicants applying for employment will not be discriminated against because of race, color, religion, sex or national origin.

12.24 Hazardous Materials

Upon discovery of hazardous materials, the JOC Order Contractor will comply with all applicable laws/ordinances and regulations and take all appropriate health and safety precautions.

12.25 Traffic Control

- a. Complete street closures will not be permitted unless specified in the Special Provisions. The timing and sequence of street closures shall be approved by the City Engineer or designee at least 30 days prior to the closure. This approval is necessary to provide coordination with other roadway projects and special events. Restrictions of parking, revision of speed limits, and road closures anticipated for the work shall be clearly disclosed in the Job Order Amendment and shall be considered not necessary if not mentioned.
- b. Adequate barricades and lighted warning signs shall be installed and maintained by the Job Order Contractor throughout the duration of the project. All traffic control shall be in accordance with the M.U.T.C.D. or as per the approved barricade plan unless otherwise specified in the Special Provisions.
- c. The JOC Contractor shall submit a construction schedule and a traffic control plan to the Project Manager (or designee) for approval and/or modification at least three (3) working days before construction is initiated. For purpose of this

requirement, working days are Monday through Thursday, excluding City recognized holidays.

- d. JOC Contractor will comply with all provisions of the M.U.T.C.D. and any other traffic control provisions as may be provided in the technical specifications or in the approved barricade plan.

12.26 Material Source

No material source has been designated by the City for use on this project.

12.27 Native Plants

The JOC Contractor shall take whatever steps, procedures or means necessary to remove, move, displace and save all native plants within the contract work area in accordance with the City of Sedona's Land Development Code, Native Plants, and all applicable state and county statutes, ordinances, codes and other policy requirements and recognized methods, procedures, techniques and equipment for protection, salvage, and handling of all plants to be moved from the construction area. This is not a pay item unless specified upon the Schedule of Bid Items.

12.28 Endangered Hardwoods

Any construction, building addition or alteration project which is financed by monies of this state or its political subdivisions shall not use endangered tropical hardwood unless an exemption is granted by the Director of the State of Arizona, Department of Administration. The Director shall only grant an exemption if the use of endangered tropical hardwood is deemed necessary for historical restoration or to repair existing facilities and the use of any substitute material is not practical. Any lease-purchase agreement entered into by this state or its political subdivisions for construction shall specify that no endangered tropical hardwood may be used in the construction unless an exemption is granted by the Director. As used in this subsection, "endangered tropical hardwood" includes ebony, lauan, mahogany or teak hardwood.

12.29 Responsibility for Privilege (Sales) Taxes

The contractor shall be responsible for all State of Arizona and City of Sedona transaction privilege (sales) taxes due on construction income, whether or not such taxes are specifically separated in the bid amount.

12.30 Loss and Damages

All loss or damage arising out of the nature of the work to be done or from the action of the elements, or from any unforeseen circumstances, in the prosecution of the same, or from any unusual obstructions or difficulties which may be encountered in and/or during the prosecution of the work, or from any casualty whatsoever of every description, shall be sustained and borne by the Contractor at his own cost and expense.

12.31 Rights-of-Way

The M.A.G. Standard Specification 107.12 shall apply. Areas for storage and maintenance purposes, which are required in addition to any areas secured by the City, as indicated in the plans and/or Special Conditions, are the responsibility of the JOC Contractor.

12.32 Existing Traffic and Street Signs and Traffic Signal Equipment

The Contractor shall use due care when excavating at or near intersections where traffic signal underground conduit is located. The Contractor shall notify the City Project Manager (928-204-7108) 48 hours in advance of any work at such intersections. The Contractor shall be responsible for the installation and maintenance of temporary overhead traffic signal cable as specified by the City Project Manager when underground conduit is to be severed by excavations at the intersection. The City Project Manager shall have all underground traffic conduit located and shall provide the necessary City Technicians to assist the Contractor in identifying wiring phases and direction of conduit runs upon 24 hours-notice from the Contractor and at least one day prior to the Contractor's scheduled wiring and installation of temporary cables. The Contractor shall be responsible for the wiring and connection of all temporary cable within the pull boxes and terminal compartments. The City Project Manager shall provide a City technician to assist the Contractor with connecting field wiring within the traffic signal control cabinet. The Contractor shall provide, at his expense an off-duty uniformed Police Officer to direct traffic while the traffic signal is turned off and the wiring is transferred. The Contractor shall be responsible as specified by the City Maintenance Superintendent for the repair and restoration of all traffic signal overhead and underground items that have been damaged or modified. The City does not permit the splicing of Magnetic Detector Loops.

12.33 Conflict of Interest

The City may cancel any contract or agreement, without penalty or obligation, pursuant to ARS 38-506/511.A, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City's departments or agencies is, at any time while the contract or any extension of the contract is in effect, an employee of any other party of the contract with respect to the subject matter of the contract.

CITY OF SEDONA, ARIZONA

**Street Maintenance JOC
CONTRACT NO. 21-S-01**

AGREEMENT

IN WITNESS WHEREOF, three (3) identical counterparts of this contract each of which shall for all purposes be deemed an original thereof, have been duly executed by the parties herein above named, on the date and year first above written.

The JOC Contractor agrees that this Contract, as awarded, is for the stated work and understands that payment for the work will be made on the basis of the indicated amount, per the terms and conditions of this contract.

CITY OF SEDONA, ARIZONA,

JOC CONTRACTOR

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

(SEAL)
ATTEST:

(SEAL)
ATTEST:

Name: _____

Name: _____

APPROVED AS TO FORM:

City Attorney

EXHIBIT A – UNIT PRICE
To be attached

EXHIBIT A

City of Sedona Street Maintenance Projects

Item No.	Description	Unit	Unit Price
1	RESET MANHOLE FRAME AND LID	EA	\$575.00
2	RESET SEWER CLEANOUT	EA	\$445.00
3	RESET WATER VALVE FRAME AND LID	EA	\$445.00
4	AGGREGATE BASE COURSE (0-100 TON)	TON	\$55.00
4A	AGGREGATE BASE COURSE (100+ TON)	TON	\$28.00
5	AGGREGATE BASE COURSE (RECONDITION) (0-300 SY)	S.Y.	\$10.50
5A	AGGREGATE BASE COURSE (RECONDITION) (300+ SY)	S.Y.	\$1.40
6	SUBGRADE PREP (0-300 SY)	S.Y.	\$10.5
6A	SUBGRADE PREP (300+ SY)	S.Y.	\$1.50
7	RECONDITION SHOULDER (0-300 SY)	S.Y.	\$7.50
7A	RECONDITION SHOULDER (300+ SY)	S.Y.	\$1.40
8	PMM SEAL COAT (0-1,000 SY)	S.Y.	\$2.95
8A	PMM SEAL COAT (1,000-10,000 SY)	S.Y.	\$1.85
8B	PMM SEAL COAT (10,000-50,000 SY)	S.Y.	\$1.50
8C	PMM SEAL COAT (50,000+ SY)	S.Y.	\$1.50
9	CRACK SEAL ROADWAY (0-0.5" wide crack, minimum 5000 LF)	L.F.	\$0.30
9A	CRACK SEAL ROADWAY (0.5-1" wide crack, minimum 5000 LF)	L.F.	\$0.37
10	ASPHALTIC CONCRETE PAVEMENT MILLING (0 IN. TO 3 IN.) (0-4000 SY)	S.Y.	\$3.00
10A	ASPHALTIC CONCRETE PAVEMENT MILLING (0 IN. TO 3 IN.) (4000+ SY)	S.Y.	\$2.51
11	ASPHALTIC CONCRETE PAVEMENT (0 IN. TO 3 IN.) (0-100 TON)	TON	\$160.00
11A	ASPHALTIC CONCRETE PAVEMENT (0 IN. TO 3 IN.) (100+ TON)	TON	\$116.00
12	ASPHALTIC CONCRETE PAVEMENT (> 3 IN.) (0-100 TON)	TON	\$160.00
12A	ASPHALTIC CONCRETE PAVEMENT (> 3 IN.) (100+ TON)	TON	\$117.00
13	ASPHALTIC CONCRETE (PERMANENT PATCH)	TON	\$215.00
14	ASPHALTIC CONCRETE TERMINATION MAG DETAIL 201 TYPE "A" (0-100 LF)	L.F.	\$6.50
14A	ASPHALTIC CONCRETE TERMINATION MAG DETAIL 201 TYPE "A" (100+ LF)	L.F.	\$5.50
15	ASPHALTIC CONCRETE TERMINATION MAG DETAIL 201 TYPE "B" (0-100 LF)	L.F.	\$6.75
15A	ASPHALTIC CONCRETE TERMINATION MAG DETAIL 201 TYPE "B" (100+ LF)	L.F.	\$5.75
16	ASPHALTIC CONCRETE DRIVEWAY MAG DETAIL 205	TON	\$180.00
17	ASPHALTIC CONCRETE EDGE REPAIR (0-100 TON)	TON	\$250.00
17A	ASPHALTIC CONCRETE EDGE REPAIR (100+ TON)	TON	\$225.00
18	ASPHALTIC CONCRETE REMOVAL (2-4") (0-100 SY)	S.Y.	\$24.50
18A	ASPHALTIC CONCRETE REMOVAL (2-4") (100+ SY)	S.Y.	\$5.40
18B	ASPHALTIC CONCRETE REMOVAL (5-6") (0-100 SY)	S.Y.	\$30.00
18C	ASPHALTIC CONCRETE REMOVAL (5-6") (100+ SY)	S.Y.	\$8.00
19	SAW CUT ASPHALTIC CONCRETE PAVEMENT (2-4" depth) (0-100 LF)	L.F.	\$4.00
19A	SAW CUT ASPHALTIC CONCRETE PAVEMENT (2-4" depth) (100+ LF)	L.F.	\$1.50
19B	SAW CUT ASPHALTIC CONCRETE PAVEMENT (5-6" depth) (0-100 LF)	L.F.	\$6.00
19C	SAW CUT ASPHALTIC CONCRETE PAVEMENT (5-6" depth) (100+ LF)	L.F.	\$2.00
20	4" PAVEMENT MARKINGS (0-100 LF)	L.F.	\$2.25
20A	4" PAVEMENT MARKINGS (100+ LF)	L.F.	\$0.12
21	12" TURN LANE MARKINGS (0-100 LF)	L.F.	\$2.85
21A	12" TURN LANE MARKINGS (100+ LF)	L.F.	\$0.33
22	12" CROSSWALK MARKINGS (0-100 LF)	L.F.	\$4.00
22A	12" CROSSWALK MARKINGS (100+ LF)	L.F.	\$2.25
23	CONCRETE HANDICAP RAMP (0-3 EA)	EA	\$4,000.00
23A	CONCRETE HANDICAP RAMP (4+ EA)	EA	\$3,000.00
24	CONCRETE SIDEWALK (4 IN.) NEW (0-20 SY)	S.Y.	\$165.00
24A	CONCRETE SIDEWALK (4 IN.) NEW (20-200 SY)	S.Y.	\$60.00
24B	CONCRETE SIDEWALK (4 IN.) NEW (200+ SY)	S.Y.	\$55.00
25	CONCRETE SIDEWALK (6 IN.) (NEW W/ FIBER REINFORCEMENT) (0-20 SY)	S.Y.	\$170.00
25A	CONCRETE SIDEWALK (6 IN.) (NEW W/ FIBER REINFORCEMENT) (20-200 SY)	S.Y.	\$90.00
25B	CONCRETE SIDEWALK (6 IN.) (NEW W/ FIBER REINFORCEMENT) (200+ SY)	S.Y.	\$85.00

EXHIBIT A

City of Sedona Street Maintenance Projects

26	CONCRETE DRIVEWAY (6 IN.) (NEW W/ FIBER REINFORCEMENT) (0-20 SY)	S.Y.	\$175.00
26A	CONCRETE DRIVEWAY (6 IN.) (NEW W/ FIBER REINFORCEMENT) (20+ SY)	S.Y.	\$99.00
27	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (REPLACE) (0-20 LF)	L.F.	\$165.00
27A	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (REPLACE) (20-200 LF)	L.F.	\$48.00
27B	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (REPLACE) (200+ LF)	L.F.	\$40.00
28	CONCRETE CURB (MAG TYPE "B") (REPLACE) (0-20 LF)	L.F.	\$175.00
28A	CONCRETE CURB (MAG TYPE "B") (REPLACE) (20-200 LF)	L.F.	\$48.00
28B	CONCRETE CURB (MAG TYPE "B") (REPLACE) (200+ LF)	L.F.	\$40.00
29	CONCRETE CURB & GUTTER (MAG TYPE "C") (REPLACE) (0-20 LF)	L.F.	\$155.00
29A	CONCRETE CURB & GUTTER (MAG TYPE "C") (REPLACE) (20-200 LF)	L.F.	\$49.00
29B	CONCRETE CURB & GUTTER (MAG TYPE "C") (REPLACE) (200+ LF)	L.F.	\$40.00
30	CONCRETE SIDEWALK (4 IN.) (REPLACE) (0-20 SY)	S.Y.	\$190.00
30A	CONCRETE SIDEWALK (4 IN.) (REPLACE) (20-200 SY)	S.Y.	\$92.00
30B	CONCRETE SIDEWALK (4 IN.) (REPLACE) (200+ SY)	S.Y.	\$83.00
31	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (NEW) (0-20 LF)	L.F.	\$126.00
31A	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (NEW) (20-200 LF)	L.F.	\$38.00
31B	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (NEW) (200+ LF)	L.F.	\$32.00
32	CONCRETE CURB (MAG TYPE "B") (NEW) (0-20 LF)	L.F.	\$127.00
32A	CONCRETE CURB (MAG TYPE "B") (NEW) (20-200 LF)	L.F.	\$38.00
32B	CONCRETE CURB (MAG TYPE "B") (NEW) (200+ LF)	L.F.	\$33.00
33	CONCRETE CURB & GUTTER (MAG TYPE "C") (NEW) (0-20 LF)	L.F.	\$128.00
33A	CONCRETE CURB & GUTTER (MAG TYPE "C") (NEW) (20-200 LF)	L.F.	\$38.00
33B	CONCRETE CURB & GUTTER (MAG TYPE "C") (NEW) (200+ LF)	L.F.	\$32.00
34	SEDONA RED CONCRETE COLOR	C.Y.	\$74.00
35	TREE REMOVAL 12 IN. TO 24 IN. Dia	EA	\$1,000.00
36	STREET SWEEPING (Power broom)	HR	\$135.00
37	SIDEWALK SWEEPING (Manual)	CR. HR	\$80.00
38	SIDEWALK SWEEPING (Power broom)	CR. HR	\$100.00
39	ONE (1) SACK ABC SLURRY (0-10 CY)	C.Y.	\$245.00
39A	ONE (1) SACK ABC SLURRY (10+ CY)	C.Y.	\$155.00
40	CORE SAMPLING	EA	\$250.00
41	STORM WATER POLLUTION PREVENTION (percentage of overall work order)	%	2%
42	MOBILIZATION (percentage of overall work order)	%	10%
43	QUALITY CONTROL & TESTING (percentage of overall work order)	%	3%
44	CONSTRUCTION STAKING	HR	\$225.00
45	UTILITY POTHOLING	HR	\$375.00
46	TACK COAT (0-300 SY)	S.Y.	\$1.20
46A	TACK COAT (300+ SY)	S.Y.	\$0.45
47	ASPHALTIC CONCRETE PULVERIZING (2-4") (0-1000 SY)	S.Y.	\$5.25
47A	ASPHALTIC CONCRETE PULVERIZING (2-4") (1000+ SY)	S.Y.	\$3.25
47B	ASPHALTIC CONCRETE PULVERIZING (5-6") (0-1000 SY)	S.Y.	\$5.75
47C	ASPHALTIC CONCRETE PULVERIZING (5-6") (1000+ SY)	S.Y.	\$3.75
48	DUAL LAYER WEED BARRIER	S.Y.	\$10.00
49	LIQUID ROAD SEAL COAT (0-1,000 SY)	S.Y.	\$4.90
49A	LIQUID ROAD SEAL COAT (1,000-10,000 SY)	S.Y.	\$3.33
49B	LIQUID ROAD SEAL COAT (10,000-50,000 SY)	S.Y.	\$2.85
49C	LIQUID ROAD SEAL COAT (50,000+ SY)	S.Y.	\$2.72
50	FRACTURED AGGREGATE SURFACE TREATMENT (FAST) (0-1,000 SY)	S.Y.	\$20.00
50A	FRACTURED AGGREGATE SURFACE TREATMENT (FAST) (1,000-10,000 SY)	S.Y.	\$5.10
50B	FRACTURED AGGREGATE SURFACE TREATMENT (FAST) (10,000-50,000 SY)	S.Y.	\$4.33
50C	FRACTURED AGGREGATE SURFACE TREATMENT (FAST) (50,000+ SY)	S.Y.	\$4.20

J. Banicki Construction
City of Sedona Street Maintenance Projects

Item No.	Description	Unit	Unit Price
1	RESET MANHOLE FRAME AND LID	EA	800.00
2	RESET SEWER CLEANOUT	EA	660.00
3	RESET WATER VALVE FRAME AND LID	EA	660.00
4	AGGREGATE BASE COURSE (0-100 TON)	TON	62.00
4A	AGGREGATE BASE COURSE (100+ TON)	TON	48.00
5	AGGREGATE BASE COURSE (RECONDITION) (0-300 SY)	S.Y.	18.30
5A	AGGREGATE BASE COURSE (RECONDITION) (300+ SY)	S.Y.	7.00
6	SUBGRADE PREP (0-300 SY)	S.Y.	15.60
6A	SUBGRADE PREP (300+ SY)	S.Y.	7.00
7	RECONDITION SHOULDER (0-300 SY)	S.Y.	15.25
7A	RECONDITION SHOULDER (300+ SY)	S.Y.	7.00
8	PMM SEAL COAT (0-1,000 SY)	S.Y.	7.50
8A	PMM SEAL COAT (1,000-10,000 SY)	S.Y.	5.40
8B	PMM SEAL COAT (10,000-50,000 SY)	S.Y.	5.00
8C	PMM SEAL COAT (50,000+ SY)	S.Y.	4.70
9	CRACK SEAL ROADWAY (0-0.5" wide crack, minimum 5000 LF)	L.F.	10.55
9A	CRACK SEAL ROADWAY (0.5-1" wide crack, minimum 5000 LF)	L.F.	13.20
10	ASPHALTIC CONCRETE PAVEMENT MILLING (0 IN. TO 3 IN.) (0-4000 SY)	S.Y.	5.95
10A	ASPHALTIC CONCRETE PAVEMENT MILLING (0 IN. TO 3 IN.) (4000+ SY)	S.Y.	4.80
11	ASPHALTIC CONCRETE PAVEMENT (0 IN. TO 3 IN.) (0-100 TON)	TON	193.50
11A	ASPHALTIC CONCRETE PAVEMENT (0 IN. TO 3 IN.) (100+ TON)	TON	126.75
12	ASPHALTIC CONCRETE PAVEMENT (> 3 IN.) (0-100 TON)	TON	193.50
12A	ASPHALTIC CONCRETE PAVEMENT (> 3 IN.) (100+ TON)	TON	137.00
13	ASPHALTIC CONCRETE (PERMANENT PATCH)	TON	1,290.00
14	ASPHALTIC CONCRETE TERMINATION MAG DETAIL 201 TYPE "A" (0-100 LF)	L.F.	6.80
14A	ASPHALTIC CONCRETE TERMINATION MAG DETAIL 201 TYPE "A" (100+ LF)	L.F.	2.30
15	ASPHALTIC CONCRETE TERMINATION MAG DETAIL 201 TYPE "B" (0-100 LF)	L.F.	6.80
15A	ASPHALTIC CONCRETE TERMINATION MAG DETAIL 201 TYPE "B" (100+ LF)	L.F.	2.30
16	ASPHALTIC CONCRETE DRIVEWAY MAG DETAIL 205	TON	990.00
17	ASPHALTIC CONCRETE EDGE REPAIR (0-100 TON)	TON	330.00
17A	ASPHALTIC CONCRETE EDGE REPAIR (100+ TON)	TON	204.00
18	ASPHALTIC CONCRETE REMOVAL (2-4") (0-100 SY)	S.Y.	17.00
18A	ASPHALTIC CONCRETE REMOVAL (2-4") (100+ SY)	S.Y.	16.25
18B	ASPHALTIC CONCRETE REMOVAL (5-6") (0-100 SY)	S.Y.	17.00
18C	ASPHALTIC CONCRETE REMOVAL (5-6") (100+ SY)	S.Y.	17.60
19	SAW CUT ASPHALTIC CONCRETE PAVEMENT (2-4" depth) (0-100 LF)	L.F.	6.60
19A	SAW CUT ASPHALTIC CONCRETE PAVEMENT (2-4" depth) (100+ LF)	L.F.	4.60
19B	SAW CUT ASPHALTIC CONCRETE PAVEMENT (5-6" depth) (0-100 LF)	L.F.	8.60
19C	SAW CUT ASPHALTIC CONCRETE PAVEMENT (5-6" depth) (100+ LF)	L.F.	6.25
20	4" PAVEMENT MARKINGS (0-100 LF)	L.F.	16.00
20A	4" PAVEMENT MARKINGS (100+ LF)	L.F.	2.75
21	12" TURN LANE MARKINGS (0-100 LF)	L.F.	16.20
21A	12" TURN LANE MARKINGS (100+ LF)	L.F.	3.00
22	12" CROSSWALK MARKINGS (0-100 LF)	L.F.	19.10
22A	12" CROSSWALK MARKINGS (100+ LF)	L.F.	5.95
23	CONCRETE HANDICAP RAMP (0-3 EA)	EA	6,975.00
23A	CONCRETE HANDICAP RAMP (4+ EA)	EA	6,806.00
24	CONCRETE SIDEWALK (4 IN.) NEW (0-20 SY)	S.Y.	166.00
24A	CONCRETE SIDEWALK (4 IN.) NEW (20-200 SY)	S.Y.	150.00
24B	CONCRETE SIDEWALK (4 IN.) NEW (200+ SY)	S.Y.	116.25
25	CONCRETE SIDEWALK (6 IN.) (NEW W/ FIBER REINFORCEMENT) (0-20 SY)	S.Y.	187.00
25A	CONCRETE SIDEWALK (6 IN.) (NEW W/ FIBER REINFORCEMENT) (20-200 SY)	S.Y.	155.00
25B	CONCRETE SIDEWALK (6 IN.) (NEW W/ FIBER REINFORCEMENT) (200+ SY)	S.Y.	137.50

City of Sedona Street Maintenance Projects

26	CONCRETE DRIVEWAY (6 IN.) (NEW W/ FIBER REINFORCEMENT) (0-20 SY)	S.Y.	200.00
26A	CONCRETE DRIVEWAY (6 IN.) (NEW W/ FIBER REINFORCEMENT) (20+ SY)	S.Y.	171.25
27	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (REPLACE) (0-20 LF)	L.F.	87.00
27A	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (REPLACE) (20-200 LF)	L.F.	57.60
27B	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (REPLACE) (200+ LF)	L.F.	45.40
28	CONCRETE CURB (MAG TYPE "B") (REPLACE) (0-20 LF)	L.F.	78.00
28A	CONCRETE CURB (MAG TYPE "B") (REPLACE) (20-200 LF)	L.F.	54.50
28B	CONCRETE CURB (MAG TYPE "B") (REPLACE) (200+ LF)	L.F.	44.75
29	CONCRETE CURB & GUTTER (MAG TYPE "C") (REPLACE) (0-20 LF)	L.F.	87.00
29A	CONCRETE CURB & GUTTER (MAG TYPE "C") (REPLACE) (20-200 LF)	L.F.	54.50
29B	CONCRETE CURB & GUTTER (MAG TYPE "C") (REPLACE) (200+ LF)	L.F.	44.75
30	CONCRETE SIDEWALK (4 IN.) (REPLACE) (0-20 SY)	S.Y.	223.50
30A	CONCRETE SIDEWALK (4 IN.) (REPLACE) (20-200 SY)	S.Y.	196.30
30B	CONCRETE SIDEWALK (4 IN.) (REPLACE) (200+ SY)	S.Y.	185.75
31	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (NEW) (0-20 LF)	L.F.	69.30
31A	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (NEW) (20-200 LF)	L.F.	48.00
31B	CONCRETE CURB & GUTTER (MAG TYPE "A", 6 IN.) (NEW) (200+ LF)	L.F.	39.90
32	CONCRETE CURB (MAG TYPE "B") (NEW) (0-20 LF)	L.F.	69.30
32A	CONCRETE CURB (MAG TYPE "B") (NEW) (20-200 LF)	L.F.	48.00
32B	CONCRETE CURB (MAG TYPE "B") (NEW) (200+ LF)	L.F.	39.90
33	CONCRETE CURB & GUTTER (MAG TYPE "C") (NEW) (0-20 LF)	L.F.	69.30
33A	CONCRETE CURB & GUTTER (MAG TYPE "C") (NEW) (20-200 LF)	L.F.	48.00
33B	CONCRETE CURB & GUTTER (MAG TYPE "C") (NEW) (200+ LF)	L.F.	39.90
34	SEDONA RED CONCRETE COLOR	C.Y.	74.00
35	TREE REMOVAL 12 IN. TO 24 IN. Dia	EA	1,620.00
36	STREET SWEEPING (Power broom)	HR	145.00
37	SIDEWALK SWEEPING (Manual)	CR. HR	51.50
38	SIDEWALK SWEEPING (Power broom)	CR. HR	145.00
39	ONE (1) SACK ABC SLURRY (0-10 CY)	C.Y.	248.00
39A	ONE (1) SACK ABC SLURRY (10+ CY)	C.Y.	171.60
40	CORE SAMPLING	EA	138.50
41	STORM WATER POLLUTION PREVENTION (percentage of overall work order)	%	1.5%
42	MOBILIZATION (percentage of overall work order)	%	9%
43	QUALITY CONTROL & TESTING (percentage of overall work order)	%	1.5%
44	CONSTRUCTION STAKING	HR	230.00
45	UTILITY POTHOLING	HR	405.60
46	TACK COAT (0-300 SY)	S.Y.	10.00
46A	TACK COAT (300+ SY)	S.Y.	3.00
47	ASPHALTIC CONCRETE PULVERIZING (2-4") (0-1000 SY)	S.Y.	10.00
47A	ASPHALTIC CONCRETE PULVERIZING (2-4") (1000+ SY)	S.Y.	4.75
47B	ASPHALTIC CONCRETE PULVERIZING (5-6") (0-1000 SY)	S.Y.	10.90
47C	ASPHALTIC CONCRETE PULVERIZING (5-6") (1000+ SY)	S.Y.	5.00
48	DUAL LAYER WEED BARRIER	S.Y.	15.00
49	LIQUID ROAD SEAL COAT (0-1,000 SY)	S.Y.	7.45
49A	LIQUID ROAD SEAL COAT (1,000-10,000 SY)	S.Y.	6.45
49B	LIQUID ROAD SEAL COAT (10,000-50,000 SY)	S.Y.	6.00
49C	LIQUID ROAD SEAL COAT (50,000+ SY)	S.Y.	4.60
50	FRACTURED AGGREGATE SURFACE TREATMENT (FAST) (0-1,000 SY)	S.Y.	217.75
50A	FRACTURED AGGREGATE SURFACE TREATMENT (FAST) (1,000-10,000 SY)	S.Y.	43.00
50B	FRACTURED AGGREGATE SURFACE TREATMENT (FAST) (10,000-50,000 SY)	S.Y.	8.25
50C	FRACTURED AGGREGATE SURFACE TREATMENT (FAST) (50,000+ SY)	S.Y.	7.50



**CITY COUNCIL
AGENDA BILL**

**AB 2668
April 27, 2021
Consent Items**

Agenda Item: 3e

Proposed Action & Subject: Approval of a lease purchase agreement and related documents for a street sweeper purchase in the approximate amount of \$250,205.90 plus interest.

Department	Public Works
Time to Present	N/A
Total Time for Item	
Other Council Meetings	N/A
Exhibits	A. Lease Purchase Agreement and related documents

City Attorney Approval	Reviewed 4-20-21 KWC	Expenditure Required	
		\$	53,160.34 (FY2022 – FY2026 annual lease payments)
City Manager's Recommendation	Approve the Lease Purchase Agreement and related documents for a street sweeper in the approximate amount of \$250,206.	Amount Budgeted	
		\$	(lease payments begin in FY2022)
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: The City currently has street sweeping performed through a contracted service. This service addresses needs for bike lane cleaning, storm water pollution prevention, and storm cleanup. With this proposed street sweeper purchase, staff would perform the service in-house.

By acquiring this equipment and performing this service in-house, staff would be able to expand the service area, adding more streets and parking lots, and respond to needs more quickly. Since the sweeping typically only occurs once per month, and at night, existing staff will be rotated to perform the work. Currently, staff clean up after an accident or other issues with push brooms. This equipment will allow that type of work to be done more efficiently.

The budget for this equipment purchase was approved in the FY21 capital budget. However, the model of sweeper budgeted was for a smaller model, and the budget was \$180,000. After further consideration staff has determined the proposed larger model is needed to gain capacity,

which will reduce trips needed to dump collected material and allow sweeping to occur more efficiently.

Staff has received three quotes for purchase from three equipment dealers. The proposed purchase is for the Tymco Model 600 Regenerative Air Sweeper (shown below), which is the low quote of the three quotes received. The cost of the equipment purchase will be offset by savings from the contracted service currently at a \$35,000 annual cost.



The street sweeper would be financed through a lease purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. While the budget originally anticipated an outright purchase, with the current low interest rates, the City has been leasing the large dollar capital items. The lease purchase agreement and the related documents are included as Exhibit A. The lease includes the following terms:

- 5-year term commencing April 1, 2021 (the lease was quoted prior to April 1 but no payments have been made)
- Annual payments of \$53,160.34
- Payments in arrears (at the end of each year instead of the beginning)
- Interest rate of 2.05%
- Prepayment penalty (with such a low interest rate, staff does not plan to pay this off early)
- City is responsible for the taxes, insurance and maintenance of the equipment

Lease purchase payments would begin in FY2022 and be paid from the Streets Fund in the Public Works Department budget.

Community Plan Consistent: Yes - No - Not Applicable

- Environmental Stewardship: Improve and maintain the water quality of Oak Creek.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Not approving the lease purchase and pursuing a smaller model would result in acquiring equipment that makes work less efficient and does not have the full capability needed.

MOTION

I move to: approve the Lease Purchase Agreement and related documents for a street sweeper in the approximate amount of \$250,205.90 plus interest, subject to approval by the City Attorney.

DOCUMENT CHECKLIST

**PLEASE SCAN ALL OF THE DOCUMENT TO EF.DOCS.GLF@USBANK.COM
PRIOR TO SENDING ORIGINALS TO ADDRESS BELOW**

PLEASE EXECUTE ONE (1) ORIGINAL SET OF ALL DOCUMENTS
(NO FRONT & BACK COPIES, PLEASE)

RETURN ALL ORIGINALS TO:

U.S. BANCORP GOVERNMENT LEASING AND FINANCE, INC.
MARIA G REYES
13010 SW 68TH PARKWAY, SUITE 100
PORTLAND, OR 97223
503.603.2843

- Master Tax-Exempt Lease/Purchase Agreement** – This document must be executed in the presence of a witness/attestor. The attesting witness does not have to be a notary, just present at the time of execution.
- Addendum/Amendment to Master Tax-Exempt Lease/Purchase Agreement** – This document must be executed in the presence of a witness/attestor. The attesting witness does not have to be a notary, just present at the time of execution.
- Property Schedule No. 1** - This document must be executed in the presence of a witness/attestor. The attesting witness does not have to be a notary, just present at the time of execution.
- Property Description and Payment Schedule – Exhibit 1**
- Lessee’s Counsel’s Opinion – Exhibit 2.** This exhibit will need to be executed by your attorney, dated and placed on their letterhead. Your attorney will likely want to review the agreement prior to executing this opinion.
- Lessee’s General and Incumbency Certificate – Exhibit 3.** Include in your return package a copy of the board minutes or resolution for our files.
- Payment of Proceeds Instructions – Exhibit 4.** Intentionally Omitted.
- Acceptance Certificate – Exhibit 5.** Intentionally Omitted.
- Bank Qualification and Arbitrage Rebate – Exhibit 6.**
- Notification of Tax Treatment** – Please provide your State of Sales/Use tax Exemption Certificate.
- Form 8038-G** – Blank form and instructions provided to Lessee. Please consult your CPA, local legal or bond counsel to fill out. **Please provide a copy for closing and mail the original to the IRS** at the following address (pre-paid UPS label will be provided upon request):
 - Internal Revenue Service Center
 - Department of Treasury
 - 1973 Rulon White Blvd
 - Ogden, UT 84201-1000
- Vehicle Titling Memo**
- Escrow Agreement** – This document needs to be executed by the Executing Official defined in the Lessee’s Certificate – Exhibit 3.
 - Investment Direction Letter – Exhibit 1.** This document needs to be executed by the Executing Official.
 - Schedule of Fees – Exhibit 2.**
 - Requisition Request – Exhibit 3.** This document should be retained by Lessee and utilized to request disbursements from the escrow account. Please make copies and fill out as many as are needed.
 - Final Acceptance Certificate - Exhibit 4.** This document should be retained by Lessee and provided to Lessor once all the proceeds have been disbursed from the escrow account.
 - Escrow Incumbency Certificate & Call-backs – Exhibit 5.**
 - Class Action Negative Consent Letter – Exhibit 6.**
 - IRS Form W-9.** This document should be retained by Lessee and submitted with the Requisition Request(s) for each vendor being paid. Please make copies and fill out as many as are needed.
- Insurance Authorization and Verification** – To be filled out by the Purchaser and sent to your insurance carrier. A valid insurance certificate, or self-insurance letter if the Purchaser self-insures, is required prior to funding.

Master Tax-Exempt Lease/Purchase Agreement

Between: U.S. Bancorp Government Leasing and Finance, Inc. (the "Lessor")
13010 SW 68th Parkway, Suite 100
Portland, OR 97223

And: City of Sedona (the "Lessee")
102 Roadrunner Drive
Sedona, Arizona 86336
Attention: Cherie R. Wright
Telephone: 928.203.5193

Dated: April 26, 2021

ARTICLE I DEFINITIONS

The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Agreement" means this Master Tax-Exempt Lease/Purchase Agreement, including all exhibits and schedules attached hereto.

"Code" is defined in Section 3.01(f).

"Commencement Date" is the date when the term of a Property Schedule and Lessee's obligation to pay rent thereunder commences, which date shall be set forth in such Property Schedule.

"Event of Default" is defined in Section 13.01.

"Lease Payments" means the Lease Payments payable by Lessee under Article VI of this Agreement and each Property Schedule, as set forth in each Property Schedule.

"Lease Payment Dates" means the Lease Payment dates for the Lease Payments as set forth in each Property Schedule.

"Lease Term" means, with respect to a Property Schedule, the Original Term and all Renewal Terms. The Lease Term for each Property Schedule executed hereunder shall be set forth in such Property Schedule, as provided in Section 4.02.

"Lessee" means the entity identified as such in the first paragraph hereof, and its permitted successors and assigns.

"Lessor" means the entity identified as such in the first paragraph hereof, and its successors and assigns.

"Nonappropriation Event" is defined in Section 6.06.

"Original Term" means, with respect to a Property Schedule, the period from the Commencement Date until the end of the budget year of Lessee in effect at the Commencement Date.

"Property" means, collectively, the property lease/purchased pursuant to this Agreement, and with respect to each Property Schedule, the property described in such Property Schedule, and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 8.01 or Article IX.

"Property Schedule" means a Property Schedule in the form attached hereto for Property Schedule 1. Subsequent Property Schedules pursuant to this Agreement shall be numbered consecutively, beginning with Property Schedule 2.

"Purchase Price" means the amount that Lessee may, in its discretion, pay to Lessor to purchase the Property under a Property Schedule, as provided in Section 11.01 and as set forth in the Property Schedule.

"Renewal Terms" means the renewal terms of a Property Schedule, each having a duration of one year and a term coextensive with Lessee's budget year.

"State" means the state where Lessee is located.

"Vendor" means the manufacturer or contractor of the Property as well as the agents or dealers of the manufacturer or contractor from whom Lessor or Lessee purchased or is purchasing all or any portion of the Property.

ARTICLE II

2.01 Property Schedules Separate Financings. Each Property Schedule executed and delivered under this Agreement shall be a separate financing, distinct from other Property Schedules. Without limiting the foregoing, upon the occurrence of an Event of Default or a Nonappropriation Event with respect to a Property Schedule, Lessor shall have the rights and remedies specified herein with respect to the Property financed and the Lease Payments payable under such Property Schedule, and except as expressly provided in Section 12.02 below, Lessor shall have no rights or remedies with respect to Property financed or Lease Payments payable under any other Property Schedules unless an Event of Default or Nonappropriation Event has also occurred under such other Property Schedules.

ARTICLE III

3.01 Covenants of Lessee. As of the Commencement Date for each Property Schedule executed and delivered hereunder, Lessee shall be deemed to represent, covenant and warrant for the benefit of Lessor as follows:

- (a) Lessee is a public body corporate and politic duly organized and existing under the constitution and laws of the State with full power and authority to enter into this Agreement and the Property Schedule and the transactions contemplated thereby and to perform all of its obligations thereunder.
- (b) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic. To the extent Lessee should merge with another entity under the laws of the State, Lessee agrees that as a condition to such merger it will require that the remaining or resulting entity shall be assigned Lessee's rights and shall assume Lessee's obligations hereunder.
- (c) Lessee has been duly authorized to execute and deliver this Agreement and the Property Schedule by proper action by its governing body, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement and the Property Schedule, and Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the Property Schedule and the acquisition by Lessee of the Property thereunder. On or before the Commencement Date for the Property Schedule, Lessee shall cause to be delivered an opinion of counsel in substantially the form attached to the form of the Property Schedule as Exhibit 2.

- (d) During the Lease Term for the Property Schedule, the Property thereunder will perform and will be used by Lessee only for the purpose of performing essential governmental uses and public functions within the permissible scope of Lessee's authority.
- (e) Lessee will provide Lessor with current financial statements, budgets and proof of appropriation for the ensuing budget year and other financial information relating to the ability of Lessee to continue this Agreement and the Property Schedule in such form and containing such information as may be requested by Lessor.
- (f) Lessee will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including Sections 103 and 148 thereof, and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the excludability from gross income for federal income tax purposes of the interest component of Lease Payments under the Property Schedule and will not use or permit the use of the Property in such a manner as to cause a Property Schedule to be a "private activity bond" under Section 141(a) of the Code. Lessee covenants and agrees that it will use the proceeds of the Property Schedule as soon as practicable and with all reasonable dispatch for the purpose for which the Property Schedule has been entered into, and that no part of the proceeds of the Property Schedule shall be invested in any securities, obligations or other investments except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Agreement, would have caused any portion of the Property Schedule to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Property Schedule.
- (g) The execution, delivery and performance of this Agreement and the Property Schedule and compliance with the provisions hereof and thereof by Lessee does not conflict with or result in a violation or breach or constitute a default under, any resolution, bond, agreement, indenture, mortgage, note, lease or other instrument to which Lessee is a party or by which it is bound by any law or any rule, regulation, order or decree of any court, governmental agency or body having jurisdiction over Lessee or any of its activities or properties resulting in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any property or assets of Lessee or to which it is subject.
- (h) Lessee's exact legal name is as set forth on the first page of this Agreement. Lessee will not change its legal name in any respect without giving thirty (30) days prior notice to Lessor.

ARTICLE IV

4.01 Lease of Property. On the Commencement Date of each Property Schedule executed hereunder, Lessor will be deemed to demise, lease and let to Lessee, and Lessee will be deemed to rent, lease and hire from Lessor, the Property described in such Property Schedule, in accordance with this Agreement and such Property Schedule, for the Lease Term set forth in such Property Schedule.

4.02 Lease Term. The term of each Property Schedule shall commence on the Commencement Date set forth therein and shall terminate upon payment of the final Lease Payment set forth in such Property Schedule and the exercise of the Purchase Option described in Section 11.01, unless terminated sooner pursuant to this Agreement or the Property Schedule.

4.03 Delivery, Installation and Acceptance of Property. Lessee shall order the Property, shall cause the Property to be delivered and installed at the locations specified in the applicable Property Schedule and shall pay all taxes, delivery costs and installation costs, if any, in connection therewith. To the extent funds are deposited under an escrow agreement or trust agreement for the acquisition of the Property, such funds shall be disbursed as provided therein. When the Property described in such Property Schedule is delivered, installed and accepted as to Lessee's specifications, Lessee shall immediately accept the Property and evidence said acceptance by executing and delivering to Lessor the Acceptance Certificate substantially in the form attached to the Property Schedule.

ARTICLE V

5.01 Enjoyment of Property. Lessee shall during the Lease Term peaceably and quietly have, hold and enjoy the Property, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Agreement. Lessor shall not interfere with such quiet use and enjoyment during the Lease Term so long as Lessee is not in default under the subject Property Schedule.

5.02 Location; Inspection. The Property will be initially located or based at the location specified in the applicable Property Schedule. Lessor shall have the right at all reasonable times during business hours to enter into and upon the property of Lessee for the purpose of inspecting the Property.

ARTICLE VI

6.01 Lease Payments to Constitute a Current Expense of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Lease Payments hereunder shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional, statutory or charter limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the faith and credit or taxing power of Lessee. Upon the appropriation of Lease Payments for a fiscal year, the Lease Payments for said fiscal year, and only the Lease Payments for said current fiscal year, shall be a binding obligation of Lessee; provided that such obligation shall not include a pledge of the taxing power of Lessee.

6.02 Payment of Lease Payments. Lessee shall promptly pay Lease Payments under each Property Schedule, exclusively from legally available funds, in lawful money of the United States of America, to Lessor in such amounts and on such dates as described in the applicable Property Schedule, at Lessor's address set forth on the first page of this Agreement, unless Lessor instructs Lessee otherwise. Lessee shall pay Lessor a charge on any delinquent Lease Payments under a Property Schedule in an amount sufficient to cover all additional costs and expenses incurred by Lessor from such delinquent Lease Payment. In addition, Lessee shall pay a late charge of five cents per dollar or the highest amount permitted by applicable law, whichever is lower, on all delinquent Lease Payments and interest on said delinquent amounts from the date such amounts were due until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

6.03 Interest Component. A portion of each Lease Payment due under each Property Schedule is paid as, and represents payment of, interest, and each Property Schedule hereunder shall set forth the interest component (or method of computation thereof) of each Lease Payment thereunder during the Lease Term.

6.04 Lease Payments to be Unconditional. SUBJECT TO SECTION 6.06, THE OBLIGATIONS OF LESSEE TO PAY THE LEASE PAYMENTS DUE UNDER THE PROPERTY SCHEDULES AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE PROPERTY OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES. THIS PROVISION SHALL NOT LIMIT LESSEE'S RIGHTS OR ACTIONS AGAINST ANY VENDOR AS PROVIDED IN SECTION 10.02.

6.05 Continuation of Lease by Lessee. Lessee intends to continue all Property Schedules entered into pursuant to this Agreement and to pay the Lease Payments thereunder. Lessee reasonably believes that legally available funds in an amount sufficient to make all Lease Payments during the term of all Property Schedules can be obtained. Lessee agrees that its staff will provide during the budgeting process for each budget year to the governing body of Lessee notification of any Lease Payments due under the Property Schedules during the following budget year. Notwithstanding this covenant, if Lessee fails to appropriate the Lease Payments for a Property Schedule pursuant to Section 6.06, such Property Schedule shall terminate at the end of the then current Original Term or Renewal Term. Although Lessee has made this covenant, in the event that it fails to provide such notice, no remedy is provided and Lessee shall not be liable for any damages for its failure to so comply.

6.06 Nonappropriation. If during the then current Original Term or Renewal Term, sufficient funds are not appropriated to make Lease Payments required under a Property Schedule for the following fiscal year, Lessee shall be deemed to not have renewed such Property Schedule for the following fiscal year and the Property Schedule shall terminate at the end of the then current Original Term or Renewal Term and Lessee shall not be obligated to make Lease Payments under said Property Schedule beyond the then current fiscal year for which funds have been appropriated. Upon the occurrence of such nonappropriation (a "Nonappropriation Event") Lessee shall, no later than the end of the fiscal year for which Lease Payments have been appropriated, deliver possession of the Property under said Property Schedule to Lessor. If Lessee fails to deliver possession of the Property to Lessor upon termination of said Property Schedule by reason of a Nonappropriation Event, the termination shall nevertheless be effective but Lessee shall be responsible for the payment of damages in an amount equal to the portion of Lease Payments thereafter coming due that is attributable to the number of days after the termination during which the Lessee fails to deliver possession and for any other loss suffered by Lessor as a result of Lessee's failure to deliver possession as required. In addition, Lessor may, by written instructions to any escrow agent who is holding proceeds of the Property Schedule, instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to Lessee's obligations under the Property Schedule and this Agreement. Lessee shall notify Lessor in writing

within seven (7) days after the failure of the Lessee to appropriate funds sufficient for the payment of the Lease Payments, but failure to provide such notice shall not operate to extend the Lease Term or result in any liability to Lessee.

6.07 Defeasance of Lease Payments. Lessee may at any time irrevocably deposit in escrow with a defeasance escrow agent for the purpose of paying all of the principal component and interest component accruing under a Property Schedule, a sum of cash and non-callable securities consisting of direct obligations of, or obligations the principal of an interest on which are unconditionally guaranteed by, the United States of America or any agency or instrumentality thereof, in such aggregate amount, bearing interest at such rates and maturing on such dates as shall be required to provide funds sufficient for this purpose. Upon such defeasance, all right, title and interest of Lessor in the Property under said Property Schedule shall terminate. Lessee shall cause such investment to comply with the requirements of federal tax law so that the exclusion from gross income of the interest component of Lease Payments on said Property Schedule is not adversely affected.

6.08 Gross-Up. If an Event of Taxability occurs with respect to a Property Schedule, the interest component of Lease Payments on the Property Schedule shall thereafter be payable at the Taxable Rate, and Lessee shall pay to Lessor promptly following demand an amount sufficient to supplement prior Lease Payments on such Property Schedule so that Lessor receives the interest component of such Lease Payments, retroactive to the date as of which the interest component is determined to be includible in the gross income of Lessor for federal income tax purposes, calculated at the Taxable Rate, together with any penalties and interest actually imposed on Lessor as a result of the Event of Taxability. For purposes of this Section, "Event of Taxability" means, with respect to a Property Schedule, (a) a final determination by the Internal Revenue Service or a court of competent jurisdiction that the interest component of Lease Payments on the Property Schedule is includible for federal income tax purposes in the gross income of Lessor, or (b) receipt by Lessor of a written opinion of a nationally recognized public finance lawyer or law firm to the effect that there exists substantial doubt whether the interest component of Lease Payments on the Property Schedule is excludible for federal income tax purposes from the gross income of Lessor, in each case due to any action or failure to take action by Lessee. "Taxable Rate" means an interest rate calculated to provide Lessor with an after-tax yield equivalent to the yield provided to Lessor by the interest rate at which the interest component of Lease Payments on a Property Schedule was originally calculated.

ARTICLE VII

7.01 Title to the Property. Upon acceptance of the Property by Lessee and unless otherwise required by the laws of the State, title to the Property shall vest in Lessee, subject to Lessor's interests under the applicable Property Schedule and this Agreement.

7.02 Personal Property. The Property is and will remain personal property and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Property or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. If requested by Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Property from any party having an interest in any such real estate or building.

7.03 Security Interest. To the extent permitted by law and to secure the performance of all of Lessee's obligations under this Agreement with respect to a Property Schedule, including without limitation all Property Schedules now existing are hereafter executed, Lessee grants to Lessor, for the benefit of Lessor and its successors and assigns, a security interest constituting a first lien on Lessee's interest in all of the Property under the Property Schedule, whether now owned or hereafter acquired, all additions, attachments, alterations and accessions to the Property, all substitutions and replacements for the Property, and on any proceeds of any of the foregoing, including insurance proceeds. Lessee shall execute any additional documents, including financing statements, affidavits, notices and similar instruments, in form and substance satisfactory to Lessor, which Lessor deems necessary or appropriate to establish, maintain and perfect a security interest in the Property in favor of Lessor and its successors and assigns. Lessee hereby authorizes Lessor to file all financing statements which Lessor deems necessary or appropriate to establish, maintain and perfect such security interest.

ARTICLE VIII

8.01 Maintenance of Property by Lessee. Lessee shall keep and maintain the Property in good condition and working order and in compliance with the manufacturer's specifications, shall use, operate and maintain the Property in conformity with all laws and regulations concerning the Property's ownership, possession, use and maintenance, and shall keep the Property free and clear of all liens and claims, other than those created by this Agreement. Lessee shall have sole responsibility to maintain and repair the Property. Should Lessee fail to maintain, preserve and keep the Property in good repair and working order and in accordance with manufacturer's specifications, and if requested by Lessor, Lessee will enter into maintenance contracts for the Property in form approved by Lessor and with approved providers.

8.02 Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Property free of all levies, liens and encumbrances, except for the interest of Lessor under this Agreement. The parties to this Agreement contemplate that the Property will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Property will be exempt from all property taxes. The Lease Payments payable by Lessee under this Agreement and the Property Schedules hereunder have been established to reflect the savings resulting from this exemption from taxation. Lessee will take such actions necessary under applicable law to obtain said exemption. Nevertheless, if the use, possession or acquisition of the Property is determined to be subject to taxation or later becomes subject to such taxes, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the Property. Lessee shall pay all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Property. Lessee shall pay such taxes or charges as the same may become due; provided that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during the then current fiscal year of the Lease Term for such Property.

8.03 Insurance. At its own expense, Lessee shall maintain (a) casualty insurance insuring the Property against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Lessor in an amount equal to at least the outstanding principal component of Lease Payments, and (b) liability insurance that protects Lessor from liability in all events in an amount reasonably acceptable to Lessor, and (c) worker's compensation insurance covering all employees working on, in, near or about the Property; provided that Lessee may self-insure against all such risks. All insurance proceeds from casualty losses shall be payable as hereinafter provided in this Agreement. All such insurance shall be with insurers that are authorized to issue such insurance in the State. All such liability insurance shall name Lessor as an additional insured. All such casualty insurance shall contain a provision making any losses payable to Lessor and Lessee as their respective interests may appear. All such insurance shall contain a provision to the effect that such insurance shall not be canceled or modified without first giving written notice thereof to Lessor and Lessee at least thirty (30) days in advance of such cancellation or modification. Such changes shall not become effective without Lessor's prior written consent. Lessee shall furnish to Lessor, on or before the Commencement Date for each Property Schedule, and thereafter at Lessor's request, certificates evidencing such coverage, or, if Lessee self-insures, a written description of its self-insurance program together with a certification from Lessee's risk manager or insurance agent or consultant to the effect that Lessee's self-insurance program provides adequate coverage against the risks listed above.

8.04 Advances. In the event Lessee shall fail to either maintain the insurance required by this Agreement or keep the Property in good repair and working order, Lessor may, but shall be under no obligation to, purchase the required insurance and pay the cost of the premiums thereof or maintain and repair the Property and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term for the applicable Property Schedule and shall be due and payable on the next Lease Payment Date and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date such amounts are advanced until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

ARTICLE IX

9.01 Damage or Destruction. If (a) the Property under a Property Schedule or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty, or (b) title to, or the temporary use of, the Property under a Property Schedule or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessor and Lessee will cause the Net Proceeds (as hereinafter defined) of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Property, unless Lessee shall have exercised its right to defease the Property Schedule as provided herein, or unless Lessee shall have exercised its option to purchase Lessor's interest in the Property if the Property Schedule so provides. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee. For purposes of Section 8.03 and this Article IX, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

9.02 Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 9.01, Lessee shall (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Section 6.02, or (b) defease the Property Schedule pursuant to Section 6.07, or (c) exercise its option to purchase Lessor's interest in the Property pursuant to the optional purchase provisions of the Property Schedule, if any. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after such defeasance or purchase may be retained by Lessee.

ARTICLE X

10.01 Disclaimer of Warranties. LESSOR MAKES NO (AND SHALL NOT BE DEEMED TO HAVE MADE ANY) WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN, OPERATION OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE PROPERTY, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE STATE OF TITLE THERETO OR ANY COMPONENT THEREOF, THE ABSENCE OF LATENT OR OTHER DEFECTS (WHETHER OR NOT DISCOVERABLE), AND LESSOR HEREBY DISCLAIMS THE SAME; IT BEING UNDERSTOOD THAT THE PROPERTY IS LEASED TO LESSEE "AS IS" ON THE DATE OF THIS AGREEMENT OR THE DATE OF DELIVERY, WHICHEVER IS LATER, AND ALL SUCH RISKS, IF ANY, ARE TO BE BORNE BY LESSEE. Lessee acknowledges that it has made (or will make) the selection of the Property from the Vendor based on its own judgment and expressly disclaims any reliance upon any statements or representations made by Lessor. Lessee understands and agrees that (a) neither the Vendor nor any sales representative or other agent of Vendor, is (i) an agent of Lessor, or (ii) authorized to make or alter any term or condition of this Agreement, and (b) no such waiver or alteration shall vary the terms of this Agreement unless expressly set forth herein. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, the Property Schedules, or the existence, furnishing, functioning or use of any item, product or service provided for in this Agreement or the Property Schedules.

10.02 Vendor's Warranties. Lessor hereby irrevocably assigns to Lessee all rights that Lessor may have to assert from time to time whatever claims and rights (including without limitation warranties) related to the Property against the Vendor. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the Vendor of the Property, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Agreement, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties of the Vendor of the Property.

10.03 Use of the Property. Lessee will not install, use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Agreement and the applicable Property Schedule. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Property. In addition, Lessee agrees to comply in all respects with all laws of the jurisdiction in which its operations involving any item of Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the items of the Property; provided that Lessee may contest in good faith the validity or application of any such law or rule in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Property or its interest or rights under this Agreement. Lessee shall promptly notify Lessor in writing of any pending or threatened investigation, inquiry, claim or action by any governmental authority which could adversely affect this Agreement, any Property Schedule or the Property thereunder.

10.04 Modifications. Subject to the provisions of this Section, Lessee shall have the right, at its own expense, to make alterations, additions, modifications or improvements to the Property. All such alterations, additions, modifications and improvements shall thereafter comprise part of the Property and shall be subject to the provisions of this Agreement. Such alterations, additions, modifications and improvements shall not in any way damage the Property, substantially alter its nature or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, on completion of any alterations, additions, modifications or improvements made pursuant to this Section, shall be of a value which is equal to or greater than the value of the Property immediately prior to the making of such alterations, additions, modifications and improvements. Lessee shall, at its own expense, make such alterations, additions, modifications and improvements to the Property as may be required from time to time by applicable law or by any governmental authority.

ARTICLE XI

11.01 Option to Purchase. Lessee shall have the option to purchase Lessor's entire interest in all of the Property subject to a Property Schedule and to terminate any restrictions herein on the Property under such Property Schedule on the last day of the Lease Term for a Property Schedule, if the Property Schedule is still in effect on such day, upon payment in full of the Lease Payments due thereunder plus payment of One (1) Dollar to Lessor. Upon exercise of the purchase option as set forth in this Section 11.01 and payment of the purchase price under the applicable Property Schedule, and performance by Lessee of all other terms, conditions and provisions hereof, Lessor shall deliver to Lessee all such documents and instruments as Lessee may reasonably require to evidence the transfer, without warranty by or recourse to Lessor, of all of Lessor's right, title and interest in and to the Property subject to such Property Schedule to Lessee.

11.02 Option to Prepay. Lessee shall have the option to prepay in whole the Lease Payments due under a Property Schedule, but only if the Property Schedule so provides, and on the terms set forth in the Property Schedule. Lessee shall give written notice to Lessor of its intent to purchase Lessor's interest in the Property at least sixty (60) days prior to the last day of the Lease Term for applicable Property Schedule.

ARTICLE XII

12.01 Assignment by Lessor. Lessor's right, title and interest in, to and under each Property Schedule and the Property under such Property Schedule may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor without the necessity of obtaining the consent of Lessee; provided that any assignment shall not be effective until Lessee has received written notice, signed by the assignor, of the name, address and tax identification number of the assignee. Lessee shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees designated in such register. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements that may be reasonably requested by Lessor or any assignee to protect its interests in this Agreement and the Property Schedules.

12.02 Property Schedules Separate Financings. Assignees of the Lessor's rights in one Property Schedule shall have no rights in any other Property Schedule unless such rights have been separately assigned.

12.03 Assignment and Subleasing by Lessee. NONE OF LESSEE'S RIGHT, TITLE AND INTEREST IN, TO AND UNDER THIS AGREEMENT AND IN THE PROPERTY MAY BE ASSIGNED, SUBLEASED OR ENCUMBERED BY LESSEE FOR ANY REASON, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR.

12.04 Release and Indemnification Covenants. To the extent permitted by applicable law, Lessee shall indemnify, protect, hold harmless, save and keep harmless Lessor from and against any and all liability, obligation, loss, claim and damage whatsoever, regardless of cause thereof, and all expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest (collectively, "Losses") arising out of or resulting from the entering into this Agreement, any Property Schedules hereunder, the ownership of any item of the Property, the loss of federal tax exemption of the interest on any of the Property Schedules, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Property or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Property resulting in damage to property or injury to or death of any person; provided, however, that Lessee shall not be required to indemnify Lessor for Losses arising out of or resulting from Lessor's own willful or negligent conduct, or for Losses arising out of or resulting from Lessor's preparation of disclosure material relating to certificates of participation in this Agreement and any Property Schedule (other than disclosure material provided to Lessor by Lessee). The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement, or the applicable Property Schedule, or the termination of the Lease Term for such Property Schedule for any reason.

ARTICLE XIII

13.01 Events of Default Defined. Any of the following shall constitute an "Event of Default" under a Property Schedule:

- (a) Failure by Lessee to pay any Lease Payment under the Property Schedule or other payment required to be paid with respect thereto at the time specified therein;
- (b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed with respect to the Property Schedule, other than as referred to in subparagraph (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;
- (c) Any statement, representation or warranty made by Lessee in or pursuant to the Property Schedule or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;
- (d) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an

answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or

- (e) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 60 consecutive days.

The foregoing provisions of Section 13.01 are subject to the following limitation: if by reason of force majeure Lessee is unable in whole or in part to perform its agreements under this Agreement and the Property Schedule (other than any obligations on the part of Lessee to make any payments hereunder) Lessee shall not be in default during the continuance of such inability. The term "force majeure" as used herein shall mean the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections, riots, landslides, earthquakes, fires, storms, droughts, floods, explosions, breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee.

A Nonappropriation Event is not an Event of Default.

13.02 Remedies on Default. Whenever any Event of Default exists with respect to a Property Schedule, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) Without terminating the Property Schedule, and by written notice to Lessee, Lessor may declare all Lease Payments and other amounts payable by Lessee thereunder to the end of the then-current budget year of Lessee to be due, including without limitation delinquent Lease Payments under the Property Schedule from prior budget years, and such amounts shall thereafter bear interest at the rate of 12% per annum or the maximum rate permitted by applicable law, whichever is less;
- (b) Lessor may terminate the Property Schedule, may enter the premises where the Property subject to the Property Schedule is located and retake possession of the Property, or require Lessee, at Lessee's expense, to promptly return any or all of the Property to the possession of Lessor at such place within the United States as Lessor shall specify, and Lessor may thereafter dispose of the Property in accordance with Article 9 of the Uniform Commercial Code in effect in the State; provided, however, that any proceeds from the disposition of the property in excess of the sum required to (i) pay off any outstanding principal component of Lease Payments, (ii) pay any other amounts then due under the Property Schedule, and (iii) pay Lessor's costs and expenses associated with the disposition of the Property (including attorneys fees), shall be paid to Lessee or such other creditor of Lessee as may be entitled thereto, and further provided that no deficiency shall be allowed against Lessee except with respect to unpaid costs and expenses incurred by Lessor in connection with the disposition of the Property;
- (c) By written notice to any escrow agent who is holding proceeds of the Property Schedule, Lessor may instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to payment of Lessee's obligations under the Property Schedule;
- (d) Lessor may take any action, at law or in equity, that is permitted by applicable law and that may appear necessary or desirable to enforce or to protect any of its rights under the Property Schedule and this Agreement.

Notwithstanding the foregoing, if the proceeds are insufficient to pay items (i) to (iii) in Section 13.02(b) in whole, Lessee shall remain obligated after application of proceeds to items (i) and (ii), to pay in whole the amounts for item (iii).

13.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article.

13.04 Costs and Attorney Fees. Upon the occurrence of an Event of Default by Lessee in the performance of any term of this Agreement, Lessee agrees to pay to Lessor or reimburse Lessor for, in addition to all other amounts due hereunder, all of Lessor's costs of collection, including reasonable attorney fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Lessee, shall be secured by this Agreement until paid and shall bear interest at the rate of 12% per annum or the maximum amount permitted by law, whichever is less. In the event suit or action is instituted to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial or on appeal of such suit or action or in any bankruptcy proceeding, in addition to all other sums provided by law.

ARTICLE XIV

14.01 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid, to the parties hereto at the addresses as specified on the first page of this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party), to any assignee at its address as it appears on the registration books maintained by Lessee.

14.02 Arbitrage Certificates. Unless a separate Arbitrage Certificate is delivered on the Commencement Date, Lessee shall be deemed to make the following representations and covenants as of the Commencement Date for each Property Schedule:

- (a) The estimated total costs, including taxes, freight, installation, and cost of issuance, of the Property under the Property Schedule will not be less than the total principal amount of the Lease Payments.
- (b) The Property under the Property Schedule has been ordered or is expected to be ordered within six months after the Commencement Date and the Property is expected to be delivered and installed, and the Vendor fully paid, within eighteen months from the Commencement Date. Lessee will pursue the completion of the Property and the expenditure of the net proceeds of the Property Schedule with due diligence.
- (c) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Lease Payments under the Property Schedule, or (ii) that may be used solely to prevent a default in the payment of the Lease Payments under the Property Schedule.
- (d) The Property under the Property Schedule has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Lease Payments under the Property Schedule.
- (e) There are no other obligations of Lessee which (i) are being sold within 15 days of the Commencement Date of the Property Schedule; (ii) are being sold pursuant to the same plan of financing as the Property Schedule; and (iii) are expected to be paid from substantially the same source of funds.
- (f) The officer or official who has executed the Property Schedule on Lessee's behalf is familiar with Lessee's expectations regarding the use and expenditure of the proceeds of the Property Schedule. To the best of Lessee's knowledge, information and belief, the facts and estimates set forth in herein are accurate and the expectations of Lessee set forth herein are reasonable.

14.03 Further Assurances. Lessee agrees to execute such other and further documents, including, without limitation, confirmatory financing statements, continuation statements, certificates of title and the like, and to take all such action as may be necessary or appropriate, from time to time, in the reasonable opinion of Lessor, to perfect, confirm, establish, reestablish, continue, or complete the interests of Lessor in this Agreement and the Property Schedules, to consummate the transactions contemplated hereby and thereby, and to carry out the purposes and intentions of this Agreement and the Property Schedules.

14.04 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

14.05 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

14.06 Waiver of Jury Trials. Lessee and Lessor hereby irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the actions of Lessor or Lessee in the negotiation, administration, performance or enforcement hereof.

14.07 Amendments, Changes and Modifications. This Agreement may be amended in writing by Lessor and Lessee to the extent the amendment or modification does not apply to outstanding Property Schedules at the time of such amendment or modification. The consent of all assignees shall be required to any amendment or modification before such amendment or modification shall be applicable to any outstanding Property Schedule.

14.08 Execution in Counterparts. This Agreement and the Property Schedules hereunder may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

14.09 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

14.10 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

14.11 Continuing Disclosure. Lessor acknowledges that, in connection with Lessee's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement") entered into by Lessee pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), Lessee may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice of its incurrence of its obligations under this Agreement and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Agreement, in each case including a description of the material terms thereof (each such notice, an "EMMA Notice"). Lessee shall not file or submit or permit the filing or submission of any EMMA Notice that includes any of the following unredacted information regarding Lessor or the Escrow Agent: physical or mailing addresses, account information, e-mail addresses, telephone numbers, fax numbers, tax identification numbers, or titles or signatures of officers, employees or other signatories. Lessee acknowledges and agrees that Lessor is not responsible in connection with any EMMA Notice relating to this Agreement for Lessee's compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities laws, including but not limited to those relating to the Rule.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

Lessor: U.S. Bancorp Government Leasing and Finance, Inc.
By:
Name:
Title:

Lessee: City of Sedona
By:
Name:
Title:

Attest:
By:
Name:
Title:

ADDENDUM (ARIZONA)
Master Tax-Exempt Lease/Purchase Agreement

THIS ADDENDUM, which is entered into as of April 26, 2021 between U.S. Bancorp Government Leasing and Finance, Inc. ("Lessor") and City of Sedona ("Lessee"), is intended to modify and supplement Property Schedule No. 1 (the "Property Schedule") to the Master Tax-Exempt Lease/Purchase Agreement between Lessor and Lessee dated as of April 26, 2021 (the "Master Agreement"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Master Agreement.

Notice is hereby given pursuant to Ariz. Rev. Stat. Ann. § 38-511 that Lessee may cancel the Property Schedule within three years after the Commencement Date thereof if any person significantly involved in negotiating, drafting, securing or obtaining the Property Schedule for or on behalf of Lessee becomes, during the term of the Property Schedule, an employee or agent of Lessor or becomes, during the term of the Property Schedule, a consultant to Lessor with respect to the subject matter of the Property Schedule.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Addendum to be executed in their names by their duly authorized representatives as of the date first above written.

Lessor: U.S. Bancorp Government Leasing and Finance, Inc.
By:
Name:
Title:

Lessee: City of Sedona
By:
Name:
Title:

Attest:
By
Name:
Title:

Property Schedule No. 1

Master Tax-Exempt Lease/Purchase Agreement

This **Property Schedule No. 1** is entered into as of the Commencement Date set forth below, pursuant to that certain Master Tax-Exempt Lease/Purchase Agreement (the "Master Agreement"), dated as of April 26, 2021, between U.S. Bancorp Government Leasing and Finance, Inc., and City of Sedona.

1. Entire Agreement; Interpretation. The terms and conditions of the Master Agreement are incorporated herein by reference as if fully set forth herein. The Master Agreement, this Property Schedule and the associated documents hereto constitute the entire agreement between Lessor and Lessee with respect to the Property and supersede any purchase order, invoice, request for proposal, response or other related document. Reference is made to the Master Agreement for all representations, covenants and warranties made by Lessee in the execution of this Property Schedule, unless specifically set forth herein. In the event of a conflict between the provisions of the Master Agreement and the provisions of this Property Schedule, the provisions of this Property Schedule shall control. All capitalized terms not otherwise defined herein shall have the meanings provided in the Master Agreement.
2. Commencement Date. The Commencement Date for this Property Schedule is April 26, 2021.
3. Property Description and Payment Schedule. The Property subject to this Property Schedule is described in Exhibit 1 hereto. Lessee shall not remove such property from the locations set forth therein without giving prior written notice to Lessor. The Lease Payment Schedule for this Property Schedule is set forth in Exhibit 1.
4. Opinion. The Opinion of Lessee's Counsel is attached as Exhibit 2.
5. Lessee's Certificate. The Lessee's Certificate is attached as Exhibit 3.
6. Proceeds. Exhibit 4 is intentionally omitted.
7. Acceptance Certificate. Exhibit 5 is intentionally omitted.
8. Additional Purchase Option Provisions. In addition to the Purchase Option provisions set forth in the Master Agreement, Lease Payments payable under this Property Schedule shall be subject to prepayment in whole at any time by payment of the applicable Termination Amount set forth in Exhibit 1 (Payment Schedule) and payment of all accrued and unpaid interest through the date of prepayment.
9. Private Activity Issue. Lessee understands that among other things, in order to maintain the exclusion of the interest component of Lease Payments from gross income for federal income tax purposes, it must limit and restrict the rights private businesses (including, for this purpose, the federal government and its agencies and organizations described in the Code § 501(c)(3)) have to use the Property. Each of these requirements will be applied beginning on the later of the Commencement Date or date each portion of the Property is placed in service and will continue to apply until earlier of the end of the economic useful life of the property or the date the Agreement or any tax-exempt obligation issued to refund the Property Schedule is retired (the "Measurement Period"). Lessee will comply with the requirements of Section 141 of the Code and the regulations thereunder which provide restrictions on special legal rights that users other than Lessee or a state or local government or an agency or instrumentality of a state or a local government (an "Eligible User") may have to use the Property. For this purpose, special legal rights may arise from a management or service agreement, lease, research agreement or other arrangement providing any entity except an Eligible User the right to use the Property. Any use of the Property by a user other than an Eligible User is referred to herein as "Non-Qualified Use". Throughout the Measurement Period, all of the Property is expected to be owned by Lessee. Throughout the Measurement Period, Lessee will not permit the Non-Qualified Use of the Property to exceed 10%.
10. Bank Qualification and Arbitrage Rebate. Attached as Exhibit 6.
11. Expiration. Lessor, at its sole determination, may choose not to accept this Property Schedule if the fully executed, original Master Agreement (including this Property Schedule and all ancillary documents) is not received by Lessor at its place of business by May 10, 2021.

(Page intentionally left blank. Signature page to follow)

IN WITNESS WHEREOF, Lessor and Lessee have caused this Property Schedule to be executed in their names by their duly authorized representatives as of the Commencement Date above.

Lessor: U.S. Bancorp Government Leasing and Finance, Inc.
By:
Name:
Title:

Lessee: City of Sedona
By:
Name:
Title:

Attest:
By
Name:
Title:

EXHIBIT 1

Property Description and Payment Schedule

Re: **Property Schedule No. 1** to Master Tax-Exempt Lease/Purchase Agreement between U.S. Bancorp Government Leasing and Finance, Inc. and City of Sedona.

THE PROPERTY IS AS FOLLOWS: The Property as more fully described in Exhibit A incorporated herein by reference and attached hereto. It includes all replacements, parts, repairs, additions, accessions and accessories incorporated therein or affixed or attached thereto and any and all proceeds of the foregoing, including, without limitation, insurance recoveries.

PROPERTY LOCATION:

Address

City, State Zip Code

USE: Sweeper - This use is essential to the proper, efficient and economic functioning of Lessee or to the services that Lessee provides; and Lessee has immediate need for and expects to make immediate use of substantially all of the Property, which need is not temporary or expected to diminish in the foreseeable future.

Lease Payment Schedule

Total Principal Amount: \$250,205.90

Payment No.	Due Date	Lease Payment	Principal Portion	Interest Portion	Termination Amount (After Making Payment for said Due Date)
1	26-Apr-2022	53,160.34	48,031.12	5,129.22	N/A
2	26-Apr-2023	53,160.34	49,015.76	4,144.58	157,753.80
3	26-Apr-2024	53,160.34	50,020.58	3,139.76	106,232.60
4	26-Apr-2025	53,160.34	51,046.00	2,114.34	53,655.22
5	26-Apr-2026	53,160.34	52,092.44	1,067.90	0.00
TOTAL		265,801.70	250,205.90	15,595.80	

Interest Rate: 2.050%

Lessee: City of Sedona
By:
Name:
Title:

EXHIBIT A

Property Description

2021 Freightliner Tymco Model 600 Regenerative Air Sweeper

VIN to be determine

EXHIBIT 2

Lessee's Counsel's Opinion

[To be provided on letterhead of Lessee's counsel.]

April 26, 2021

U.S. Bancorp Government Leasing and Finance, Inc.
13010 SW 68th Parkway, Suite 100
Portland, OR 97223

City of Sedona
102 Roadrunner Drive
Sedona, Arizona 86336
Attention: Cherie R. Wright

RE: Property Schedule No. 1 dated as of April 26, 2021 to the Master Tax-Exempt Lease/Purchase Agreement dated April 26, 2021 between U.S. Bancorp Government Leasing and Finance, Inc. and City of Sedona.

Ladies and Gentlemen:

We have acted as special counsel to City of Sedona ("Lessee"), in connection with the Master Tax-Exempt Lease/Purchase Agreement, dated as of April 26, 2021 (the "Master Agreement"), between City of Sedona, as lessee, and U.S. Bancorp Government Leasing and Finance, Inc. as lessor ("Lessor"), and the execution of Property Schedule No. 1 (the "Property Schedule") dated as of April 26, 2021, pursuant to the Master Agreement. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

All capitalized terms not otherwise defined herein shall have the meanings provided in the Master Agreement and Property Schedule.

As to questions of fact material to our opinion, we have relied upon the representations of Lessee in the Master Agreement and the Property Schedule and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. Lessee is a public body corporate and politic, duly organized and existing under the laws of the State, and has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) the police power.

2. Lessee has all requisite power and authority to enter into the Master Agreement and the Property Schedule and to perform its obligations thereunder.

3. The execution, delivery and performance of the Master Agreement and the Property Schedule by Lessee has been duly authorized by all necessary action on the part of Lessee.

4. All proceedings of Lessee and its governing body relating to the authorization and approval of the Master Agreement and the Property Schedule, the execution thereof and the transactions contemplated thereby have been conducted in accordance with all applicable open meeting laws and all other applicable state and federal laws.

5. Lessee has acquired or has arranged for the acquisition of the Property subject to the Property Schedule, and has entered into the Master Agreement and the Property Schedule, in compliance with all applicable public bidding laws.

6. Lessee has obtained all consents and approvals of other governmental authorities or agencies which may be required for the execution, delivery and performance by Lessee of the Master Agreement and the Property Schedule.

7. The Master Agreement and the Property Schedule have been duly executed and delivered by Lessee and constitute legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with the terms thereof, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other laws of equitable principles of general application, or of application to municipalities or political subdivisions such as the Lessee, affecting remedies or creditors' rights generally, and to the exercise of judicial discretion in appropriate cases.

8. As of the date hereof, based on such inquiry and investigation as we have deemed sufficient, no litigation is pending, (or, to our knowledge, threatened) against Lessee in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Property Schedule or of other agreements similar to the Master Agreement; (b) questioning the authority of Lessee to execute the Master Agreement or the Property Schedule, or the validity of the Master Agreement or the Property Schedule, or the payment of principal of or interest on, the Property Schedule; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Property Schedule; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Property Schedule.

This opinion may be relied upon by Lessor, its successors and assigns, and any other legal counsel who provides an opinion with respect to the Property Schedule.

Very truly yours,

By: _____

Name: _____

Title: _____

Dated: _____

EXHIBIT 3

Lessee's General and Incumbency Certificate

GENERAL CERTIFICATE

Re: **Property Schedule No. 1** dated as of April 26, 2021 to the Master Tax-Exempt Lease/Purchase Agreement dated April 26, 2021 between U.S. Bancorp Government Leasing and Finance, Inc. and City of Sedona.

The undersigned, being the duly elected, qualified and acting _____
(Title of Person to Execute Lease/Purchase Agreement)
of the City of Sedona ("Lessee") does hereby certify, as of April 26, 2021, as follows:

1. Lessee did, at a meeting of the governing body of the Lessee, by resolution or ordinance duly enacted, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Property Schedule (the "Property Schedule") and the Master Tax-Exempt Lease/Purchase Agreement (the "Master Agreement") by the undersigned.

2. The meeting(s) of the governing body of the Lessee at which the Master Agreement and the Property Schedule were approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, and the enactment approving the Master Agreement and the Property Schedule and authorizing the execution thereof has not been altered or rescinded. All meetings of the governing body of Lessee relating to the authorization and delivery of Master Agreement and the Property Schedule have been: (a) held within the geographic boundaries of the Lessee; (b) open to the public, allowing all people to attend; (c) conducted in accordance with internal procedures of the governing body; and (d) conducted in accordance with the charter of the Lessee, if any, and the laws of the State.

3. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default or a Nonappropriation Event (as such terms are defined in the Master Agreement) exists at the date hereof with respect to this Property Schedule or any other Property Schedules under the Master Agreement.

4. The acquisition of all of the Property under the Property Schedule has been duly authorized by the governing body of Lessee.

5. Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Lease Payments scheduled to come due during the current budget year under the Property Schedule and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

6. As of the date hereof, no litigation is pending, (or, to my knowledge, threatened) against Lessee in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Property Schedule or of other agreements similar to the Master Agreement; (b) questioning the authority of Lessee to execute the Master Agreement or the Property Schedule, or the validity of the Master Agreement or the Property Schedule, or the payment of principal of or interest on, the Property Schedule; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Property Schedule; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Property Schedule.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of April 26, 2021.

City of Sedona

By _____
Signature of Person to Execute Lease/Purchase Agreement

Print Name and Title of Person to Execute Lease/Purchase Agreement

INCUMBENCY CERTIFICATE

Re: **Property Schedule No. 1** dated as of April 26, 2021 to the Master Tax-Exempt Lease/Purchase Agreement dated as of April 26, 2021 between U.S. Bancorp Government Leasing and Finance, Inc. and City of Sedona.

The undersigned, being the duly elected, qualified and acting Secretary or Clerk of the City of Sedona ("Lessee") does hereby certify, as of April 26, 2021, as follows:

As of the date of the meeting(s) of the governing body of the Lessee at which the above-referenced Master Agreement and the Property Schedule were approved and authorized to be executed, and as of the date hereof, the below-named representative of the Lessee held and holds the office set forth below, and the signature set forth below is his/her true and correct signature.

(Signature of Person to Execute Lease/Purchase Agreement)

(Print Name and Title)

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of April 26, 2021.

Secretary/Clerk

Print Name
and Title: _____

EXHIBIT 4

Payment of Proceeds Instructions

Intentionally Omitted.

EXHIBIT 5

Acceptance Certificate

Intentionally Omitted.

EXHIBIT 6

Bank Qualification And Arbitrage Rebate

U.S. Bancorp Government Leasing and Finance, Inc.
13010 SW 68th Parkway, Suite 100
Portland, OR 97223

Re: **Property Schedule No. 1** to Master Tax-Exempt Lease/Purchase Agreement between U.S. Bancorp Government Leasing and Finance, Inc. and City of Sedona

PLEASE CHECK EITHER:

Bank Qualified Tax-Exempt Obligation under Section 265

_____ Lessee hereby designates this Property Schedule as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code. Lessee reasonably anticipates issuing tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds and including all tax-exempt obligations of subordinate entities of the Lessee) during the calendar year in which the Commencement Date of this Property Schedule falls, in an amount not exceeding \$10,000,000.

or

_____ Not applicable.

Arbitrage Rebate

Eighteen Month Exception:

Pursuant to Treasury Regulations Section 1.148-7(d), the gross proceeds of this Property Schedule will be expended for the governmental purposes for which this Property Schedule was entered into, as follows: at least 15% within six months after the Commencement Date, at least 60% within 12 months after the Commencement Date, and 100% within 18 months after the Commencement Date. If Lessee is unable to comply with Section 1.148-7(d) of the Treasury Regulations, Lessee shall compute rebatable arbitrage on this Agreement and pay rebatable arbitrage to the United States at least once every five years, and within 60 days after payment of the final Lease Payment due under this Agreement.

Consult tax counsel if there is any chance that the Eighteen Month Exception will not be met.

Lessee: City of Sedona
By:
Name:
Title:

***Please be sure to select ONE option above.**

Notification of Tax Treatment to Tax-Exempt Lease/Purchase Agreement

This **Notification of Tax Treatment** is pursuant to the Master Tax-Exempt Lease/Purchase Agreement dated as of April 26, 2021 and the related Property Schedule No. 1 dated April 26, 2021, between Lessor and Lessee (the "Agreement").

- Lessee agrees that this Property Schedule SHOULD be subject to sales/use taxes
- Lessee agrees that this Property Schedule should NOT be subject to sales/use taxes and Lessee has included our tax-exemption certificate with this document package
- Lessee agrees that this Property Schedule should NOT be subject to sales/use taxes and no tax-exemption certificate is issued to us by the State
- Lessee agrees that this Property Schedule is a taxable transaction and subject to any/all taxes
- Lessee agrees that this Property Schedule is subject to sales/use taxes and will pay those taxes directly to the State or Vendor

IN WITNESS WHEREOF, Lessee has caused this Notification of Tax Treatment to be executed by their duly authorized representative.

Lessee: City of Sedona
By:
Name:
Title:

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

▶ Go to www.irs.gov/F8038G for instructions and the latest information.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name		2 Issuer's employer identification number (EIN)	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)	
6 City, town, or post office, state, and ZIP code		7 Date of issue	
8 Name of issue		9 CUSIP number	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)		10b Telephone number of officer or other employee shown on 10a	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶	18		
19a	If bonds are TANs or RANs, check only box 19a			<input type="checkbox"/>
b	If bonds are BANs, check only box 19b			<input type="checkbox"/>
20	If bonds are in the form of a lease or installment sale, check box			<input type="checkbox"/>

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21		\$	\$	years	%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest	22		
23	Issue price of entire issue (enter amount from line 21, column (b))	23		
24	Proceeds used for bond issuance costs (including underwriters' discount)	24		
25	Proceeds used for credit enhancement	25		
26	Proceeds allocated to reasonably required reserve or replacement fund	26		
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27		
28	Proceeds used to refund prior taxable bonds. Complete Part V	28		
29	Total (add lines 24 through 28)	29		
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30		

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded . . . ▶ _____ years

32 Enter the remaining weighted average maturity of the taxable bonds to be refunded . . . ▶ _____ years

33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) . . . ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)

Part VI Miscellaneous

- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)

35		
36a		
37		
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions

36a		
37		
- b** Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____
- c** Enter the name of the GIC provider ▶ _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units

37		
-----------	--	--
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ and enter the following information:
 - b** Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____
 - c** Enter the EIN of the issuer of the master pool bond ▶ _____
 - d** Enter the name of the issuer of the master pool bond ▶ _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶
- 41a** If the issuer has identified a hedge, check here ▶ and enter the following information:
 - b** Name of hedge provider ▶ _____
 - c** Type of hedge ▶ _____
 - d** Term of hedge ▶ _____
- 42** If the issuer has superintegrated the hedge, check box ▶
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ▶
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ▶ and enter the amount of reimbursement ▶ _____
- b** Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
	▶ _____ Signature of issuer's authorized representative	▶ _____ Date	▶ _____ Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no. ▶			

Instructions for Form 8038-G

(Rev. September 2018)



Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bonds

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8038-G and its instructions, such as legislation enacted after they were published, go to IRS.gov/Form8038G.

What's New

The Tax Cuts and Jobs Act (P.L. 115-97) repealed the exclusion from gross income for interest on bonds issued to advance refund tax-exempt bonds. The repeal applies to advance refunding bonds issued after 2017. A bond is an advance refunding bond if it is issued more than 90 days before the redemption of the refunded bonds.

The Tax Cuts and Jobs Act also repealed the authority to issue tax-credit bonds and direct-pay bonds. The repeal applies to qualified forestry conservation bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, and qualified school construction bonds issued after 2017. The authority to issue recovery zone economic development bonds and build America bonds expired on January 1, 2011.

Note. The creation of an advance refunding escrow account to advance refund tax-credit bonds and/or direct-pay bonds may result in the reissuance of the bonds and the loss of the tax benefits.

General Instructions

Purpose of Form

Form 8038-G is used by issuers of tax-exempt governmental bonds to provide the IRS with the information required by section 149(e) and to monitor compliance with the requirements of sections 141 through 150.

Who Must File

IF the issue price (line 21, column (b)) is...	THEN, for tax-exempt governmental bonds issued after December 31, 1986, issuers must file...
\$100,000 or more	a separate Form 8038-G for each issue.
less than \$100,000	Form 8038-GC, Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales.

When To File

File Form 8038-G on or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the bond is issued. Form 8038-G may not be filed before the issue date and must be completed based on the facts as of the issue date.

Late filing. An issuer may be granted an extension of time to file Form 8038-G under section 3 of Rev. Proc. 2002-48, 2002-37 I.R.B. 531, if it is determined that the failure to file timely is not due to willful neglect. Type or print at the top of the form "Request for Relief under section 3 of Rev. Proc. 2002-48" and attach a letter explaining why Form 8038-G was not submitted to the IRS on time. Also indicate whether the bond issue in question is under examination by the IRS. Do not submit copies of the trust indenture or other bond documents. See *Where To File* next.

Where To File

File Form 8038-G, and any attachments, with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

Private delivery services. You can use certain private delivery services (PDS) designated by the IRS to meet the "timely mailing as timely filing" rule for tax returns. Go to IRS.gov/PDS for the current list of designated services.

The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you're using PDS, go to IRS.gov/PDSstreetAddresses.



CAUTION PDS can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the federal government, use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate.

For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

Rounding to Whole Dollars

You can round off cents to whole dollars. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar (for example, \$1.39 becomes \$1 and \$2.50 becomes \$3).

If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Definitions

Bond. This is any obligation, including bond, note, commercial paper, installment purchase agreement, or financing lease.

Taxable bond. This is any bond the interest on which is not excludable from gross income under section 103. Taxable bonds include tax credit bonds and direct pay bonds.

Tax-exempt bond. This is any obligation, including a bond, installment purchase agreement, or financial lease, on which the interest is excluded from income under section 103.

Tax-exempt governmental bond. A tax-exempt bond that is not a private activity bond (see next) is a tax-exempt governmental bond. This includes a bond issued by a qualified volunteer fire department under section 150(e).

Private activity bond. This includes a bond issued as part of an issue in which:

- More than 10% of the proceeds are to be used for any private activity business use; **and**
- More than 10% of the payment of principal or interest of the issue is **either (a)** secured by an interest in property to be used for a private business use (or

payments for such property), or (b) to be derived from payments for property (or borrowed money) used for a private business use.

It also includes a bond, the proceeds of which (a) are to be used directly or indirectly to make or finance loans (other than loans described in section 141(c)(2)) to persons other than governmental units, and (b) exceeds the lesser of 5% of the proceeds or \$5 million.

Issue price. The issue price of bonds is generally determined under Regulations section 1.148-1(f). Thus, when issued for cash, the issue price is the first price at which a substantial amount of the bonds are sold to the public. To determine the issue price of a bond issued for property, see sections 1273 and 1274 and the related regulations.

Issue. Generally, bonds are treated as part of the same issue if they are issued by the same issuer, on the same date, and in a single transaction, or a series of related transactions (see Regulations section 1.149(e)-1(e)(2)). However, bonds issued during the same calendar year (a) under a loan agreement under which amounts are to be advanced periodically (a “draw-down loan”), or (b) with a term not exceeding 270 days, may be treated as part of the same issue if the bonds are equally and ratably secured under a single indenture or loan agreement and are issued under a common financing arrangement (for example, under the same official statement periodically updated to reflect changing factual circumstances). Also, for bonds issued under a draw-down loan that meet the requirements of the preceding sentence, bonds issued during different calendar years may be treated as part of the same issue if all of the amounts to be advanced under the draw-down loan are reasonably expected to be advanced within 3 years of the date of issue of the first bond. Likewise, bonds (other than private activity bonds) issued under a single agreement that is in the form of a lease or installment sale may be treated as part of the same issue if all of the property covered by that agreement is reasonably expected to be delivered within 3 years of the date of issue of the first bond.

Arbitrage rebate. Generally, interest on a state or local bond is not tax exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. See section 148(f).

Construction issue. This is an issue of tax-exempt bonds that meets both of the following conditions.

1. At least 75% of the available construction proceeds are to be used for

construction expenditures with respect to property to be owned by a governmental unit or a section 501(c)(3) organization.

2. All the bonds that are part of the issue are qualified 501(c)(3) bonds, bonds that are not private activity bonds, or private activity bonds issued to finance property to be owned by a governmental unit or a section 501(c)(3) organization.

In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make an irrevocable election to pay a penalty. The penalty is equal to 1¹/₂% of the amount of construction proceeds that do not meet certain spending requirements. See section 148(f)(4)(C) and the Instructions for Form 8038-T.

Pooled financing issue. This is an issue of tax-exempt bonds, the proceeds of which are to be used to finance purpose investments representing conduit loans to two or more conduit borrowers, unless those conduit loans are to be used to finance a single capital project.

Specific Instructions

Part I—Reporting Authority

Amended return. An issuer may file an amended return to change or add to the information reported on a previously filed return for the same date of issue. If you are filing to correct errors or change a previously filed return, check the *Amended Return* box in the heading of the form.

The amended return must provide all the information reported on the original return, in addition to the new or corrected information. Attach an explanation of the reason for the amended return and write across the top, “Amended Return Explanation.” Failure to attach an explanation may result in a delay in processing the form.

Line 1. The issuer's name is the name of the entity issuing the bonds, not the name of the entity receiving the benefit of the financing. For a lease or installment sale, the issuer is the lessee or the purchaser.

Line 2. An issuer that does not have an employer identification number (EIN) should apply online by visiting the IRS website at [IRS.gov/EIN](https://www.irs.gov/EIN). The organization may also apply for an EIN by faxing or mailing Form SS-4 to the IRS.

Line 3a. If the issuer wishes to authorize a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) to communicate with the IRS and whom the IRS may contact about this return (including in writing or by telephone), enter the name of such person here. The person listed on line 3a must be an individual. Do

not enter the name and title of an officer or other employee of the issuer here (use line 10a for that purpose).

Note. By authorizing a person other than an authorized officer or other employee of the issuer to communicate with the IRS and whom the IRS may contact about this return, the issuer authorizes the IRS to communicate directly with the individual entered on line 3a and consents to disclose the issuer's return information to that individual, as necessary, to process this return.

Lines 4 and 6. If you listed an individual on line 3a to communicate with the IRS and whom the IRS may contact about this return, enter the number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code of that person. Otherwise, enter the issuer's number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code.

Note. The address entered on lines 4 and 6 is the address the IRS will use for all written communications regarding the processing of this return, including any notices.

Line 5. This line is for IRS use only. Do not make any entries in this box.

Line 7. The date of issue is generally the first date on which the issuer physically exchanges any bond included in the issue for the underwriter's (or other purchaser's) funds. For a lease or installment sale, enter the date interest starts to accrue in an MM/DD/YYYY format.

Line 8. If there is no name of the issue, please provide other identification of the issue.

Line 9. Enter the CUSIP (Committee on Uniform Securities Identification Procedures) number of the bond with the latest maturity. If the issue does not have a CUSIP number, write “None.”

Line 10a. Enter the name and title of the officer or other employee of the issuer whom the IRS may call for more information. If the issuer wishes to designate a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) whom the IRS may call for more information about the return, enter the name, title, and telephone number of such person on lines 3a and 3b.



Complete lines 10a and 10b even if you complete lines 3a and 3b.

Part II—Type of Issue



Elections referred to in Part II are made on the original bond documents, not on this form.

Identify the type of bonds issued by entering the issue price in the box corresponding to the type of bond (see *Issue price* under *Definitions*, earlier). Attach a schedule listing names and EINs of organizations that are to use proceeds of these bonds, if different from those of the issuer, include a brief summary of the use and indicate whether or not such user is a governmental or nongovernmental entity.

Line 18. Enter a description of the issue in the space provided.

Line 19. If the bonds are short-term tax anticipation notes or warrants (TANs) or short-term revenue anticipation notes or warrants (RANs), check box 19a. If the bonds are short-term bond anticipation notes (BANs), issued with the expectation that they will be refunded with the proceeds of long-term bonds at some future date, check box 19b. Do not check both boxes.

Line 20. Check this box if property other than cash is exchanged for the bond, for example, acquiring a police car, a fire truck, or telephone equipment through a series of monthly payments. (This type of bond is sometimes referred to as a “municipal lease.”) Also check this box if real property is directly acquired in exchange for a bond to make periodic payments of interest and principal. **Do not** check this box if the proceeds of the bond are received in the form of cash, even if the term “lease” is used in the title of the issue.

Part III—Description of Bonds

Line 21. For column (a), the final maturity date is the last date the issuer must redeem the entire issue.

For column (b), see *Issue price* under *Definitions*, earlier.

For column (c), the stated redemption price at maturity of the entire issue is the sum of the stated redemption prices at maturity of each bond issued as part of the issue. For a lease or installment sale, write “N/A” in column (c).

For column (d), the weighted average maturity is the sum of the products of the issue price of each maturity and the number of years to maturity (determined separately for each maturity and by taking into account mandatory redemptions), divided by the issue price of the entire issue (from line 21, column (b)). For a lease or installment sale, enter instead the total number of years the lease or installment sale will be outstanding.

For column (e), the yield, as defined in section 148(h), is the discount rate that, when used to figure the present value of all payments of principal and interest to be paid on the bond, produces an amount equal to the purchase price, including accrued interest. See Regulations section 1.148-4 for specific rules to figure the yield on an issue. If the issue is a variable rate issue, write “VR” as the yield of the issue. For other than variable rate issues, carry the yield out to four decimal places (for example, 5.3125%). If the issue is a lease or installment sale, enter the effective rate of interest being paid.

Part IV—Uses of Proceeds of Bond Issue

For a lease or installment sale, write “N/A” in the space to the right of the title for Part IV.

Line 22. Enter the amount of proceeds that will be used to pay interest on the issue accruing prior to the date of issue. For definition of date of issue, see these instructions, line 7.

Line 24. Enter the amount of the proceeds that will be used to pay bond issuance costs, including fees for trustees and bond counsel. If no bond proceeds will be used to pay bond issuance costs, enter zero. Do not leave this line blank.

Line 25. Enter the amount of the proceeds that will be used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of section 148(h) (for example, bond insurance premiums and certain fees for letters of credit).

Line 26. Enter the amount of proceeds that will be allocated to such a fund.

Line 27. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any tax-exempt bonds, including proceeds that will be used to fund an escrow account for this purpose.

Line 28. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any taxable bonds, including proceeds that will be used to fund an escrow account for this purpose.

Part V—Description of Refunded Bonds

Complete this part only if the bonds are to be used to refund a prior issue of tax-exempt bonds or taxable bonds. For a lease or installment sale, write “N/A” in the space to the right of the title for Part V.

Lines 31 and 32. The remaining weighted average maturity is determined without regard to the refunding. The weighted average maturity is determined

in the same manner as on line 21, column (d).

Line 34. If more than a single issue of tax-exempt bonds or taxable bonds will be refunded, enter the date of issue for each refunded issue. Enter the date in an MM/DD/YYYY format.

Part VI—Miscellaneous

Line 35. An allocation of volume cap is required if the nonqualified amount for the issue is more than \$15 million but is not more than the amount that would cause the issue to be private activity bonds.

Line 36. If any portion of the gross proceeds of the issue is or will be invested in a guaranteed investment contract (GIC), as defined in Regulations section 1.148-1(b), enter the amount of the gross proceeds so invested, as well as the final maturity date of the GIC and the name of the provider of such contract.

Line 37. If the issue is a pooled financing issue (as defined under *Pooled financing issue* in *Definitions*, earlier), enter the amount of the proceeds used to make loans to other governmental units, the interest on which is tax exempt.

Line 38. If the issue is a loan of proceeds from a pooled financing issue (as defined under *Pooled financing issue* in *Definitions*, earlier), check the box and where asked for the date of issue, EIN, and name of the issuer of the master pool bond, enter the date of issue, EIN, and name of the issuer of the pooled financing issue.

Line 40. Check this box if the issue is a construction issue and an irrevocable election to pay a penalty in lieu of arbitrage rebate has been made on or before the date the bonds were issued. The penalty is payable with a Form 8038-T for each 6-month period after the date the bonds are issued. Do not make any payment of penalty in lieu of arbitrage rebate with this form. See Rev. Proc. 92-22, 1992-1 C.B. 736, for rules regarding the “election document.”

Line 41a. Check this box if the issuer has identified a hedge on its books and records according to Regulations sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5) that permit an issuer of tax-exempt bonds to identify a hedge for it to be included in yield calculations for figuring arbitrage.

Line 42. In determining if the issuer has super-integrated a hedge, apply the rules of Regulations section 1.148-4(h)(4). If the hedge is super-integrated, check the box.

Line 43. If the issuer takes a “deliberate action” after the issue date that causes the conditions of the private business tests or the private loan financing test to be met, then such issue is also an issue of private

activity bonds. Regulations section 1.141-2(d)(3) defines a deliberate action as any action taken by the issuer that is within its control regardless of whether there is intent to violate such tests. Regulations section 1.141-12 explains the conditions to taking remedial action that prevent an action that causes an issue to meet the private business tests or private loan financing test from being treated as a deliberate action. Check the box if the issuer has established written procedures to ensure timely remedial action for all nonqualified bonds according to Regulations section 1.141-12 or other remedial actions authorized by the Commissioner under Regulations section 1.141-12(h).

Line 44. Check the box if the issuer has established written procedures to monitor compliance with the arbitrage, yield restriction, and rebate requirements of section 148.

Line 45a. Check the box if some part of the proceeds was used to reimburse expenditures. Figure and then enter the amount of proceeds that are used to reimburse the issuer for amounts paid for a qualified purpose prior to the issuance of the bonds. See Regulations section 1.150-2.

Line 45b. An issuer must adopt an official intent to reimburse itself for preissuance expenditures within 60 days after payment of the original expenditure unless excepted by Regulations section 1.150-2(f). Enter the date the official intent was adopted. See Regulations section 1.150-2(e) for more information about official intent.

Signature and Consent

An authorized representative of the issuer must sign Form 8038-G and any applicable certification. Also print the

name and title of the person signing Form 8038-G. The authorized representative of the issuer signing this form must have the authority to consent to the disclosure of the issuer's return information, as necessary to process this return, to the person(s) that have been designated in Form 8038-G.

Note. If the issuer in Part I, lines 3a and 3b, authorizes the IRS to communicate (including in writing and by telephone) with a person other than an officer or other employee of the issuer, by signing this form, the issuer's authorized representative consents to the disclosure of the issuer's return information, as necessary to process this return, to such person.

Paid Preparer

If an authorized officer of the issuer filled in this return, the paid preparer's space should remain blank. Anyone who prepares the return but does not charge the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the issuer, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer Use Only* area of the return.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature (a facsimile signature is acceptable),
- Enter the preparer information, and
- Give a copy of the return to the issuer.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the

United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

Learning about the law or the form	2 hr., 41 min.
Preparing, copying, assembling, and sending the form to the IRS	3 hr., 3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments).

Or you can write to:

Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Do not send the form to this address. Instead, see *Where To File*, earlier.

VEHICLE TITLING ADDENDUM

Master Tax-Exempt Lease/Purchase Agreement dated April 26, 2021 and related Property Schedule No. 1 dated April 26, 2021, between City of Sedona as Lessee and U.S. Bancorp Government Leasing and Finance, Inc. as Lessor.

1. Lessor and Lessee hereby agree to amend the above referenced Agreement to add additional terms and conditions as set forth below:

Lessee agrees that it will provide to Lessor the original title documentation to the Equipment. Lessee shall provide such title documentation to Lessor within 15 days of Lessee's receipt of such title documentation from the appropriate titling authority. Lessee's failure to provide Lessor with title documentation to the Equipment in a timely fashion shall be deemed a condition of Default as defined in the default paragraph herein subject to remedies available to Lessor pursuant to the remedies paragraph.

2. Location: Lessor agrees that in regard to the location of the equipment, Lessee must be responsible for maintaining records showing the location of each piece of Leased equipment. Lessee will report this location to Lessor upon written request by Lessor. Failure to do so shall constitute a breach of the Agreement, which default shall be governed by the terms and conditions specified in the default and/or remedies paragraph of the Agreement.

3. Lessee will complete the physical titling of the vehicle as required by the state of Lessee's residence and guarantee U.S. Bancorp Government Leasing and Finance, Inc. that U.S. Bancorp Government Leasing and Finance, Inc. will receive the original title to the leased vehicle in a timely manner. Lessee agrees to indemnify U.S. Bancorp Government Leasing and Finance, Inc. from any damage or loss it incurs, including legal fees, due to its failure to complete its agreement herein.

THE APPLICATION FOR TITLE MUST INCLUDE THE FOLLOWING AS 1ST LIEN HOLDER:

**U.S. BANCORP GOVERNMENT LEASING AND FINANCE, INC.
1310 MADRID STREET
MARSHALL, MN 56258**

By signing this Addendum, Lessee acknowledges the above changes to the Agreement and authorizes Lessor to make such changes. In all other respects the terms and conditions of the Agreement remain in full force and effect.

Lessor: U.S. Bancorp Government Leasing and Finance, Inc.	Lessee: City of Sedona
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("*Escrow Agreement*") is made as of April 26, 2021 by and among U.S. Bancorp Government Leasing and Finance, Inc. ("*Lessor*"), City of Sedona ("*Lessee*") and U.S. BANK NATIONAL ASSOCIATION, as escrow agent ("*Escrow Agent*").

Lessor and Lessee have heretofore entered into that certain Master Tax-Exempt Lease/Purchase Agreement dated as of April 26, 2021 (the "*Master Agreement*") and a Property Schedule No. 1 thereto dated April 26, 2021 (the "*Schedule*") and, together with the terms and conditions of the Master Agreement incorporated therein, the "*Agreement*"). The Schedule contemplates that certain personal property described therein (the "*Equipment*") is to be acquired from the vendor(s) or manufacturer(s) thereof (the "*Vendor*"). After acceptance of the Equipment by Lessee, the Equipment is to be financed by Lessor to Lessee pursuant to the terms of the Agreement.

The Master Agreement further contemplates that Lessor will deposit an amount equal to the anticipated aggregate acquisition cost of the Equipment (the "*Purchase Price*"), being \$250,205.90, with Escrow Agent to be held in escrow and applied on the express terms set forth herein. Such deposit, together with all interest and other additions received with respect thereto (hereinafter the "*Escrow Fund*") is to be applied to pay the Vendor its invoice cost (a portion of which may, if required, be paid prior to final acceptance of the Equipment by Lessee); and, if applicable, to reimburse Lessee for progress payments already made by it to the Vendor of the Equipment.

The parties desire to set forth the terms on which the Escrow Fund is to be created and to establish the rights and responsibilities of the parties hereto.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Escrow Agent hereby agrees to serve as escrow agent upon the terms and conditions set forth herein. The moneys and investments held in the Escrow Fund are for the benefit of Lessee and Lessor, and such moneys, together with any income or interest earned thereon, shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Lessee or Lessor. Lessor, Lessee and Escrow Agent intend that the Escrow Fund constitute an escrow account in which Lessee has no legal or equitable right, title or interest until satisfaction in full of all conditions contained herein for the disbursement of funds by the Escrow Agent therefrom. However, if the parties' intention that Lessee shall have no legal or equitable right, title or interest until all conditions for disbursement are satisfied in full is not respected in any legal proceeding, the parties hereto intend that Lessor have a security interest in the Escrow Fund, and such security interest is hereby granted by Lessee to secure payment of all sums due to Lessor under the Master Agreement. For such purpose, Escrow Agent hereby agrees to act as agent for Lessor in connection with the perfection of such security interest and agrees to note, or cause to be noted, on all books and records relating to the Escrow Fund, the Lessor's interest therein.

2. On such day as is determined to the mutual satisfaction of the parties (the "*Closing Date*"), Lessor shall deposit with Escrow Agent cash in the amount of the Purchase Price, to be held in escrow by Escrow Agent on the express terms and conditions set forth herein.

On the Closing Date, Escrow Agent agrees to accept the deposit of the Purchase Price by Lessor, and further agrees to hold the amount so deposited together with all interest and other additions received with respect thereto, as the Escrow Fund hereunder, in escrow on the express terms and conditions set forth herein.

3. Escrow Agent shall at all times segregate the Escrow Fund into an account maintained for that express purpose, which shall be clearly identified on the books and records of Escrow Agent as being held in its capacity as Escrow Agent. Securities and other negotiable instruments comprising the Escrow Fund from time to time shall be held or registered in the name of Escrow Agent (or its nominee). The Escrow Fund shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of any of the parties hereto (except with respect to the security interest therein held by Lessor).

4. The cash comprising the Escrow Fund from time to time shall be invested and reinvested by Escrow Agent in one or more investments as directed by Lessee. Absent written direction from Lessee, the cash will be invested in the U.S. Bank National Association Money Market Deposit Fund. See Exhibit 1 Investment Direction Letter. Lessee represents and warrants to Escrow Agent and Lessor that the investments selected by Lessee for investment of the Escrow Fund are permitted investments for Lessee under all applicable laws. Escrow Agent will use due diligence to collect amounts payable

under a check or other instrument for the payment of money comprising the Escrow Fund and shall promptly notify Lessee and Lessor in the event of dishonor of payment under any such check or other instruments. Interest or other amounts earned and received by Escrow Agent with respect to the Escrow Fund shall be deposited in and comprise a part of the Escrow Fund. Escrow Agent shall maintain accounting records sufficient to permit calculation of the income on investments and interest earned on deposit of amounts held in the Escrow Fund. The parties acknowledge that to the extent regulations of the Comptroller of Currency or other applicable regulatory entity grant a right to receive brokerage confirmations of security transactions of the escrow, the parties waive receipt of such confirmations, to the extent permitted by law. The Escrow Agent shall furnish a statement of security transactions on its regular monthly reports. Attached as Exhibit 6 is the Class Action Negative Consent Letter to be reviewed by Lessee.

5. Upon request by Lessee and Lessor, Escrow Agent shall send monthly statements of account to Lessee and Lessor, which statements shall set forth all withdrawals from and interest earnings on the Escrow Fund as well as the investments in which the Escrow Fund is invested.

6. Escrow Agent shall take the following actions with respect to the Escrow Fund:

(a) Upon Escrow Agent's acceptance of the deposit of the Purchase Price, an amount equal to Escrow Agent's acceptance fee, as set forth on Exhibit 2 hereto, shall be disbursed from the Escrow Fund to Escrow Agent in payment of such fee.

(b) Escrow Agent shall pay costs of the Equipment upon receipt of a duly executed Requisition Request (substantially in the format of Exhibit 3) signed by Lessor and Lessee. Lessee's authorized signatures are provided in Exhibit 5 attached hereto. Escrow Agent will use best efforts to process requests for payment within one (1) business day of receipt of requisitions received prior to 2:00 p.m. Central Time. The final Requisition shall be accompanied by a duly executed Final Acceptance Certificate form attached as Exhibit 4 hereto.

Escrow Agent is authorized but shall not be required to seek confirmation of such instructions by telephone call-back to any person designated by the instructing party on Exhibit 5 hereto, and Escrow Agent may rely upon the confirmation of anyone purporting to be a person so designated. The persons and telephone numbers for call-backs may be changed only in writing actually received and acknowledged by Escrow Agent and shall be effective only after Escrow Agent has a reasonable opportunity to act on such changes. If Escrow Agent is unable to contact any of the designated representatives identified in Exhibit 5, Escrow Agent is hereby authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to any one or more of Lessee's or Lessor's executive officers ("Executive Officers"), as Escrow Agent may select. Such Executive Officer shall deliver to Escrow Agent a fully executed incumbency certificate, and Escrow Agent may rely upon the confirmation of anyone purporting to be any such officer. Lessee and Lessor agree that Escrow Agent may at its option record any telephone calls made pursuant to this Section. Escrow Agent in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by Lessee and Lessor to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank so designated. Lessee and Lessor acknowledge that these optional security procedures are commercially reasonable.

(c) Upon receipt by Escrow Agent of written notice from Lessor that an Event of Default or an Event of Nonappropriation (if provided for under the Master Agreement) has occurred under the Agreement, all funds then on deposit in the Escrow Fund shall be paid to Lessor for application in accordance with the Master Agreement, and this Escrow Agreement shall terminate.

(d) Upon receipt by Escrow Agent of written notice from Lessor that the purchase price of the Equipment has been paid in full, Escrow Agent shall pay the funds then on deposit in the Escrow Fund to Lessor to be applied first to the next Lease Payment due under the Master Agreement, and second, to prepayment of the principal component of Lease Payments in inverse order of maturity without premium. To the extent the Agreement is not subject to prepayment, Lessor consents to such prepayment to the extent of such prepayment amount from the Escrow Fund. Upon disbursement of all amounts in the Escrow Fund, this Escrow Agreement shall terminate.

(e) This Escrow Agreement shall terminate upon the distribution of all the amounts in the Escrow Fund pursuant to any applicable provision of this Agreement, and Escrow Agent will thereafter have no further obligation or liability whatsoever with respect to this Agreement.

7. The fees and expenses, including any legal fees, of Escrow Agent incurred in connection herewith shall be the responsibility of Lessee. The basic fees and expenses of Escrow Agent shall be as set forth on Exhibit 2 and Escrow Agent is hereby authorized to deduct such fees and expenses from the Escrow Fund as and when the same are incurred without any further authorization from Lessee or Lessor. Escrow Agent may employ legal counsel and other experts as it deems necessary for advice in connection with its obligations hereunder. Escrow Agent waives any claim against Lessor with respect to compensation hereunder.

8. Escrow Agent shall have no liability for acting upon any written instruction presented by Lessor in connection with this Escrow Agreement, which Escrow Agent in good faith believes to be genuine. Furthermore, Escrow Agent shall not be liable for any act or omission in connection with this Escrow Agreement except for its own negligence, willful misconduct or bad faith. Escrow Agent shall not be liable for any loss or diminution in value of the Escrow Fund as a result of the investments made by Escrow Agent.

9. Escrow Agent may resign at any time by giving thirty (30) days' prior written notice to Lessor and Lessee. Lessor may at any time remove Escrow Agent as Escrow Agent under this Escrow Agreement upon written notice to Lessee and Escrow Agent. Such removal or resignation shall be effective on the date set forth in the applicable notice. Upon the effective date of resignation or removal, Escrow Agent will transfer the Escrow Fund to the successor Escrow Agent selected by Lessor.

10. Lessee hereby represents, covenants and warrants that pursuant to Treasury Regulations Section 1.148-7(d), the gross proceeds of the Agreement will be expended for the governmental purposes for which the Agreement was entered into, as follows: at least 15% within six months after the Commencement Date, such date being the date of deposit of funds into the Escrow Fund, at least 60% within 12 months after the Commencement Date, and 100% within 18 months after the Commencement Date. If Lessee is unable to comply with Section 1.148-7(d) of the Treasury Regulations, Lessee shall, at its sole expense and cost, compute rebatable arbitrage on the Agreement and pay rebatable arbitrage to the United States at least once every five years, and within 60 days after payment of the final rental or Lease Payment due under the Agreement.

11. In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with or for any moneys involved herein or affected hereby, Escrow Agent shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue, and in so refusing Escrow Agent may refrain from making any delivery or other disposition of any moneys involved herein or affected hereby and in so doing Escrow Agent shall not be or become liable to the undersigned or any of them or to any person or party for its failure or refusal to comply with such conflicting or adverse demands, and Escrow Agent shall be entitled to continue so to refrain and refuse so to act until:

(a) the rights of the adverse claimants have been finally adjudicated in a court assuming and having jurisdiction of the parties and the moneys involved herein or affected hereby; or

(b) all differences shall have been adjusted by Master Agreement and Escrow Agent shall have been notified thereof in writing signed by all of the persons interested.

12. All notices (excluding billings and communications in the ordinary course of business) hereunder shall be in writing, and shall be sufficiently given and served upon the other party if delivered (a) personally, (b) by United States registered or certified mail, return receipt requested, postage prepaid, (c) by an overnight delivery by a service such as Federal Express or Express Mail from which written confirmation of overnight delivery is available, (d) by facsimile with a confirmed receipt or (e) by email by way of a PDF attachment thereto. Notice shall be effective upon receipt except for notice via email, which shall be effective only when the Recipient, by return email or notice delivered by other method provided for in this Section, acknowledges having received that email (with an automatically generated receipt or similar notice not constituting an acknowledgement of an email receipt for purposes of this Section).

Escrow Agent shall have the right to accept and act upon any notice, instruction, or other communication, including any funds transfer instruction, (each, a "Notice") received pursuant to this Agreement by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) and shall not have any duty to confirm that the person sending such Notice is, in fact, a person authorized to do so. Electronic signatures believed by Escrow Agent to comply with the E-SIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider identified by any other party hereto and acceptable to Escrow Agent) shall be deemed original signatures for all purposes. Each other party assumes all risks arising out of the use of electronic signatures and electronic methods to send Notices to Escrow Agent, including without limitation the risk of Escrow Agent acting on an unauthorized Notice, and the risk of interception or misuse by third parties.

Notwithstanding the foregoing, Escrow Agent may in any instance and in its sole discretion require that a Notice in the form of an original document bearing a manual signature be delivered to Escrow Agent in lieu of, or in addition to, any such electronic Notice.

13. This Escrow Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. No rights or obligations of Escrow Agent under this Escrow Agreement may be assigned without the prior written consent of Lessor.

14. This Escrow Agreement shall be governed by and construed in accordance with the laws in the state of the Escrow Agent's location. This Escrow Agreement constitutes the entire Agreement between the parties hereto with respect to the subject matter hereof, and no waiver, consent, modification or change of terms hereof shall bind any party unless in writing signed by all parties.

15. This Escrow Agreement and any written direction may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement or direction.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above set forth.

U.S. Bancorp Government Leasing and Finance, Inc., as Lessor
By:
Name:
Title:
Address: 13010 SW 68 th Parkway, Suite 100 Portland, OR 97223

City of Sedona, as Lessee
By:
Name:
Title:
Address: 102 Roadrunner Drive Sedona, Arizona 86336

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent
By:
Name:
Title:
Address: U.S. Bank National Association Global Corporate Trust 950 17 th Street, 5 th Floor Denver, CO 80202

EXHIBIT 1

**U.S. BANK NATIONAL ASSOCIATION
MONEY MARKET ACCOUNT AUTHORIZATION FORM
DESCRIPTION AND TERMS**

The U.S. Bank Money Market account is a U.S. Bank National Association (“U.S. Bank”) interest-bearing money market deposit account designed to meet the needs of U.S. Bank’s Corporate Trust Services Escrow Group and other Corporate Trust customers of U.S. Bank. Selection of this investment includes authorization to place funds on deposit and invest with U.S. Bank.

U.S. Bank uses the daily balance method to calculate interest on this account (actual/365 or 366). This method applies a daily periodic rate to the principal balance in the account each day. Interest is accrued daily and credited monthly to the account. Interest rates are determined at U.S. Bank’s discretion, and may be tiered by customer deposit amount.

The owner of the account is U.S. Bank as Agent for its trust customers. U.S. Bank’s trust department performs all account deposits and withdrawals. Deposit accounts are FDIC Insured per depositor, as determined under FDIC Regulations, up to applicable FDIC limits.

AUTOMATIC AUTHORIZATION

In the absence of specific written direction to the contrary, U.S. Bank is hereby directed to invest and reinvest proceeds and other available moneys in the U.S. Bank Money Market Account. The U.S. Bank Money Market Account is a permitted investment under the operative documents and this authorization is the permanent direction for investment of the moneys until notified in writing of alternate instructions.

City of Sedona

Company Name

Signature of Authorized Directing Party

Trust Account Number – includes existing and future sub-accounts unless otherwise directed

Title/Date

EXHIBIT 2

Schedule of Fees for Services as Escrow Agent Equipment Lease Purchase Escrow

CTS01010A	Acceptance Fee The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time, non-refundable fee, payable at closing.	WAIVED
CTS04460	Escrow Agent Annual fee for the standard escrow agent services associated with the administration of the account. Administration fees are payable in advance.	WAIVED
	Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.	At Cost
	Extraordinary Services Extraordinary Services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the services and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.	

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

EXHIBIT 3

REQUISITION REQUEST

The Escrow Agent is hereby requested to pay from the Escrow Fund established and maintained under that certain Escrow Agreement dated as of April 26, 2021 (the "Escrow Agreement") by and among U.S. Bancorp Government Leasing and Finance, Inc. (the "Lessor"), City of Sedona (the "Lessee"), and U.S. Bank National Association (the "Escrow Agent"), the amount set forth below to the named payee(s). The amount shown is due and payable under a purchase order or contract (or has been paid by and not previously reimbursed to Lessee) with respect to equipment being financed under that certain Master Tax-Exempt Lease Purchase Agreement dated as of April 26, 2021 (the "Master Agreement") and Property Schedule No. 1 thereto dated April 26, 2021 (the "Schedule" and, together with the terms and conditions of the Master Agreement incorporated therein, the "Agreement"), by and between the Lessor and the Lessee, and has not formed the basis of any prior requisition request.

Pursuant to Section 6(b) of the above-referenced Escrow Agreement, Lessor and Lessee hereby instruct Escrow Agent to disburse funds from the Escrow Account to Payee, as provided below:

Payee: _____
Amount: _____

Wire/ACH

Bank Name:
Bank Address:
ABA No.:
Account Name:
Account No.:

Check

Name:
Address 1:
Address 2:
City/State
Zip Code:

Payee: _____
Amount: _____

Wire/ACH

Bank Name:
Bank Address:
ABA No.:
Account Name:
Account No.:

Check

Name:
Address 1:
Address 2:
City/State
Zip Code:

Payee: _____
Amount: _____

Wire/ACH

Bank Name:
Bank Address:
ABA No.:
Account Name:
Account No.:

Check

Name:
Address 1:
Address 2:
City/State
Zip Code:

The undersigned, as Lessee under the Master Agreement, hereby certifies:

1. The items of the Equipment being acquired with the proceeds of this disbursement have been delivered and installed at the location(s) contemplated by the Master Agreement. The Lessee has conducted such inspection and/or testing of the Equipment being acquired with the proceeds of this disbursement as it deems necessary and appropriate, and such Equipment has been accepted by Lessee.
2. The costs of the Equipment to be paid from the proceeds of this disbursement have been properly incurred, are a proper charge against the Escrow Fund and have not been the basis of any previous disbursement.
3. No part of the disbursement requested hereby will be used to pay for materials not yet incorporated into the Equipment or for services not yet performed in connection therewith.

4. The Equipment is covered by insurance in the types and amounts required by the Agreement.
5. No Event of Default or Event of Nonappropriation (if applicable), as each such term is defined in the Master Agreement, and no event which with the giving of notice or lapse of time, or both, would become such an Event of Default or Event of Nonappropriation has occurred and is continuing on the date hereof.
6. If Lessee paid an invoice prior to the commencement date of the Master Agreement, and is requesting reimbursement for such payment, Lessee has satisfied the requirements for reimbursement set forth in Treas. Reg. §1.150-2.

Request Date: _____

Lessor: U.S. Bancorp Government Leasing and Finance, Inc.
By:
Name:
Title:

Lessee: City of Sedona
By:
Name:
Title:

Exhibit 4

Final Acceptance Certificate

U.S. Bancorp Government Leasing and Finance, Inc.
13010 SW 68th Parkway, Suite 100
Portland, OR 97223

Re: **Property Schedule No. 1** to Master Tax-Exempt Lease/Purchase Agreement between U.S. Bancorp Government Leasing and Finance, Inc. and City of Sedona

Ladies and Gentlemen:

In accordance with the above-referenced Master Tax-Exempt Lease/Purchase Agreement (the "Master Agreement"), the undersigned ("Lessee") hereby certifies and represents to, and agrees with, U.S. Bancorp Government Leasing and Finance, Inc. ("Lessor"), as follows:

- (1) The Property, as such terms are defined in the above-referenced Property Schedule, has been acquired, made, delivered, installed and accepted on the date indicated below.
- (2) Lessee has conducted such inspection and/or testing of the Property as it deems necessary and appropriate and hereby acknowledges that it accepts the Property for all purposes.
- (3) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default or a Nonappropriation Event (as such terms are defined in the Master Agreement) exists at the date hereof.

Acceptance Date: _____

Lessee: City of Sedona
By:
Name:
Title:

Exhibit 5

Each of the following person(s) is a **Lessee Representative** authorized to execute escrow documents and direct Escrow Agent as to all matters, including fund transfers, address changes and contact information changes, on Recipient's behalf (only one signature required):

_____ Name	_____ Specimen signature	_____ Telephone No
_____ Name	_____ Specimen signature	_____ Telephone No
_____ Name	_____ Specimen signature	_____ Telephone No

(Note: if only one person is identified above, please add the following language:)

The following persons (not listed above) are authorized for call-back confirmations:

_____ Name	_____ Telephone Number
_____ Name	_____ Telephone Number
_____ Name	_____ Telephone Number

Exhibit 6

Class Action Negative Consent Letter

April 26, 2021

City of Sedona
102 Roadrunner Drive
Sedona, Arizona 86336

RE: USBGLF/City of Sedona - - Class Action Litigation Claims

Dear Cherie R. Wright:

U.S. Bank National Association (“U.S. Bank”) has established its policies and procedures relative to class action litigation claims filed on behalf of its clients’ accounts. This policy may impact future claims filed by U.S. Bank on behalf of the above-referenced account. Listed below are the policies regarding class action litigation claims:

1. U.S. Bank will file class action litigation claims, at no charge, on behalf of open, eligible agency or custody accounts upon receipt of proper documented authorization. This notice, with your ability to opt out as further described below, constitutes such documented authorization.
2. U.S. Bank will not file claims for agency or custody accounts that were open during the class action period but were closed prior to receipt of any notice of the class action litigation.
3. Assuming requisite information is provided by the payor to identify the applicable account, settlement proceeds of the class action litigation will be posted within a reasonable time following receipt of such proceeds to the entitled accounts that are open at such time. If entitled accounts are closed prior to distribution and receipt of settlement proceeds, they will be remitted to entitled beneficiaries or successors of the account net of any research and filing fees. Proceeds, less any research and filing fees, will be escheated if the entitled beneficiaries or successors of the account cannot be identified /located.

If you wish U.S. Bank to continue to file class action litigation proofs of claim on behalf of your account, you do not need to take any further action. However, if you do not wish U.S. Bank to file class action proofs of claim on behalf of your account, you may notify us of this election by returning this letter with your signature and date provided below within 30 days or by filing a separate authorization letter with your Account Manager by the same date.

The authorization and understanding contained in this communication constitutes an amendment of any applicable provisions of the account document for the above-referenced account.

If you have any questions, please contact me at the below number.

Sincerely,
Mike McGuire
Vice President
303.585.4594

No, U.S. Bank is not authorized to file class action litigation proofs of claim on behalf of the above-referenced account(s). By making this election, I acknowledge that U.S. Bank is not responsible for forwarding notices received on class action or litigation claims.

Authorized Signature

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate		Exempt payee code (if any) _____
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.		Exemption from FATCA reporting code (if any) _____
	<input type="checkbox"/> Other (see instructions) ▶ _____		<i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.) See instructions.		Requester's name and address (optional)
6 City, state, and ZIP code			
7 List account number(s) here (optional)			

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
-				-					
or									
Employer identification number									
-									

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting*, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships*, earlier.

What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note: ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or “doing business as” (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity’s name as shown on the entity’s tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a “disregarded entity.” See Regulations section 301.7701-2(c)(2)(iii). Enter the owner’s name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner’s name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity’s name on line 2, “Business name/disregarded entity name.” If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

IF the entity/person on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation
• Individual • Sole proprietorship, or • Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.	Individual/sole proprietor or single-member LLC
• LLC treated as a partnership for U.S. federal tax purposes, • LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or • LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.	Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)
• Partnership	Partnership
• Trust/estate	Trust/estate

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys’ fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note: See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/Businesses and clicking on Employer Identification Number (EIN) under Starting a Business. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.

You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.

You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions.

You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor ²
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
6. Sole proprietorship or disregarded entity owned by an individual	The owner ³
7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity ⁴
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee

For this type of account:	Give name and EIN of:
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships*, earlier.

*Note: The grantor also must provide a Form W-9 to trustee of trust.

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Visit www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

INSURANCE AUTHORIZATION AND VERIFICATION

Date: April 26, 2021

Property Schedule No. 1

To: City of Sedona (the "Lessee")

From: U.S. Bancorp Government Leasing and Finance, Inc. (the
"Lessor")
1310 Madrid Street
Marshall, MN 56258

TO THE LESSEE: In connection with the above-referenced Property Schedule, Lessor requires proof in the form of this document, executed by both Lessee* and Lessee's agent, that Lessee's insurable interest in the financed property (the "Property") meets Lessor's requirements as follows, with coverage including, but not limited to, fire, extended coverage, vandalism, and theft:

Lessor, AND ITS SUCCESSORS AND ASSIGNS, shall be covered as both ADDITIONAL INSURED and LENDER'S LOSS PAYEE with regard to all equipment financed or leased by policy holder through or from Lessor. All such insurance shall contain a provision to the effect that such insurance shall not be canceled or modified without first giving written notice thereof to Lessor and Lessee at least thirty (30) days in advance of such cancellation or modification.

Lessee must carry GENERAL LIABILITY (and/or, for vehicles, Automobile Liability) in the amount of no less than \$1,000,000.00 (one million dollars).

Lessee must carry PROPERTY Insurance (or, for vehicles, Physical Damage Insurance) in an amount no less than the 'Insurable Value' \$250,205.90, with deductibles no more than \$25,000.00.

**Lessee: Please execute this form and return with your document package. Please fax this form to your insurance agency for endorsement. In lieu of agent endorsement, Lessee's agency may submit insurance certificates demonstrating compliance with all requirements.*

By signing, Lessee authorizes the Agent named below: 1) to complete and return this form as indicated; and 2) to endorse the policy and subsequent renewals to reflect the required coverage as outlined above.

Agency/Agent:		
Address:		
Phone/Fax:		
Email:		

Lessee: City of Sedona
By:
Name:
Title:

TO THE AGENT: *In lieu of providing a certificate, please execute this form in the space below and promptly send a PDF scan to Lessor at: EF.Docs.GLF@usbank.com - This fully endorsed form shall serve as proof that Lessee's insurance meets the above requirements.*

Agent hereby verifies that the above requirements have been met in regard to the Property listed below.

Print Name of Agency: **X** _____

By: **X** _____
(Agent's Signature)

Print Name: **X** _____

Date: **X** _____

Insurable Value: \$250,205.90

ATTACHED: PROPERTY DESCRIPTION FOR PROPERTY SCHEDULE NO. 1



**CITY COUNCIL
AGENDA BILL**

**AB 2671
April 27, 2021
Consent Items**

Agenda Item: 3f

Proposed Action & Subject: Approval of a three-year contract for annual audit services with the auditing firm of CliftonLarsonAllen LLP for the fiscal years ending 2021 through 2023 with option to renew for two additional one-year terms.

Department	Financial Services
Time to Present	N/A
Total Time for Item	
Other Council Meetings	N/A
Exhibits	A. Professional Audit Services RFP Response and Proposed Contract

City Attorney Approval	Reviewed 4-20-2021 KWC	Expenditure Required	
		\$	39,550 – first contract year
City Manager's Recommendation	Approve a three-year contract for annual audit services with the auditing firm of CliftonLarsonAllen LLP.	Amount Budgeted	
		\$	50,000
		Account No. (Description)	10-5222-01-6455 (Audit Services)
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: State Statutes require the City to comply with the following:

- An annual financial audit
- An audit of dedicated State transportation revenues, including Highway User Revenue Fund (HURF) monies.
- An annual report on the City's expenditure limitation

The State also requires an external review, at least triennially, of the municipal court, which is next required for Fiscal Year 2021-22.

The Fiscal Year 2019-20 audit was the final year for the current professional audit services contract; therefore, a new contract is required.

Request for Proposal (RFP) Issued

A Request for Proposal (RFP) was issued on February 17, 2021, and responses were received from eight Certified Public Accounting (CPA) firms: Atlas CPAs & Advisors, PLLC; CliftonLarsonAllen LLP; Colby & Powell, PLC; Fester & Chapman P.C.; Heinfeld, Meech & Co, P.C.; Henry & Horne, LLP; HintonBurdick CPAs & Advisors; and The Pun Group, LLP.

Request for Proposal (RFP) Optional Components

The RFP included requests for Single Audit pricing in case the City meets the threshold required by the Federal government. If the City spends at least \$750,000 of Federal awards, a Single Audit must be performed, which involves significant testing of compliance with Federal grant requirements. We anticipate meeting the Single Audit threshold during some years of the contract term due to additional federal stimulus provided in the American Rescue Plan Act. Federal grant funding for the new transit system could also be expended during the contract term that may exceed the Single Audit threshold.

The RFP also included an option for any required documents for debt issuances. Some audit firms charge an additional fee for their review of audit reports included in the official statement for issuance of bonds. Plans are in process for the refinancing of the Series 2012 bonds. Issuance of bonds may also be considered for the transit system and the Uptown parking garage.

Evaluation of Proposals

A five-member evaluation team narrowed the list of potential audit firms to the top four candidates. Those four firms were invited to interview. The evaluation team consisted of one Financial Services Department employee, Jessica Tucker, and four community representatives, Charlotte Hosseini, John Martinez, Gary Stewart, and Lynn Zonakis.

Selection Team Recommendation

Based on the proposals and interviews, **the selection team recommends the audit firm of CliftonLarsonAllen LLP to provide the City’s professional audit services.** CliftonLarsonAllen LLP is a national firm with two local Arizona offices. The proposed audit staff assigned by CliftonLarsonAllen LLP will be out of the Phoenix office. CliftonLarsonAllen LLP has been the City’s auditors for the past five years and has demonstrated significant knowledge and experience in municipal government auditing.

Contract and Timeline

The maximum contract amounts, including all potential options, are as follows:

	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Annual financial audit	\$33,800	\$34,800	\$35,800
Single Audit, if required	4,000	4,000	4,000
Annual report on the City’s expenditure limitation	1,000	1,000	1,000
Audit of dedicated State transportation revenues (HURF)	750	750	750
Triennial external review of the municipal court	-	4,335	-
Required documents for debt issuances	Included	Included	Included
Total	\$39,550	\$44,885	\$41,550

The contract includes an option to renew for two additional one-year terms not to exceed a three percent increase for each additional year.

The Fiscal Year 2020-21 audit can commence in May/June 2021, and the final reports are expected to be presented to the City Council in December 2021/January 2022.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): (1) Select another audit firm proposal or (2) reject all proposals and reissue the RFP.

MOTION

I move to: approve the contract proposal from CliftonLarsonAllen LLP for annual auditing services for a cost not to exceed \$39,550 for 2020-21, \$44,885 for 2021-22, and \$41,550 for 2022-23, with option to renew for two additional one-year terms not to exceed a three percent increase for each additional year.

PROFESSIONAL SERVICES CONTRACT

This Contract is made and entered into effective as of the 27th day of April, 2021 (the "Effective Date"), by and between the City of Sedona, an Arizona municipal corporation ("City"), and CliftonLarsonAllen LLP, a limited liability partnership ("Consultant"). The City and Consultant may be referred to in this Contract collectively as the "Parties" and each individually as a "Party."

RECITALS

The City wishes to enter into a contract for professional auditing services; and

Consultant is qualified to perform the Services; and

The City Manager is authorized and empowered by the City Code to execute contracts for professional services.

Now therefore, in consideration of the mutual promises and obligations set forth in this Contract the Parties agree as follows:

AGREEMENTS

ARTICLE 1. SCOPE OF SERVICES

Consultant shall provide the services described in the Scope of Services attached here to as Exhibit B (the "Services"). All work will be reviewed and approved by the Contract Administrator to determine acceptable completion. Review and approval by the Contract Administrator shall not relieve Consultant of any liability for defective, non-complying, improper, negligent or inadequate services rendered pursuant to this Contract.

ARTICLE 2. FEES

1. Consultant shall be paid according to the schedule set forth in Exhibit B.
2. Monthly payments may be made to Consultant on the basis of a progress report prepared and submitted by Consultant for the work completed through the last day of the preceding calendar month. The City reserves the exclusive right to determine the amount of work performed and payment due the Consultant on a monthly basis. Consultant shall include with each invoice delivered to the City such documentation as the Contract Administrator may require to make its determination of work performed and payment due and any such determination by the City shall be for the purpose of payment and shall not be deemed an approval of any portion of the Services or a waiver of any of the City's rights hereunder.
3. If for any reason the Consultant fails to fulfill in a timely and proper manner its obligations under this Contract, or if the Consultant violates any of the covenants, agreements, or stipulations of this Contract, the City may withhold from payment due to the Consultant such amounts as are necessary to protect the City's position for the purpose of set-off until such time as the exact amount of damages due to the City from Consultant is agreed to by the parties in writing, or is determined by a court of competent jurisdiction.

ARTICLE 3. TERM OF CONTRACT

1. This Contract shall be in full force and effect when approved by the City Council of Sedona, Arizona and signed by its City Manager as attested by the City Clerk.
2. The Consultant shall proceed with providing the Services immediately upon receipt of a notice to proceed issued by the Contract Administrator.
3. The term of the Contract shall commence on the date of award and shall continue for a period of three (3) years from the date of the award. The City has the option, in the City's sole discretion to renew the Contract for two (2) additional one year periods. If the Contract is renewed, the total length of the Contract shall not exceed five (5) years. Any of the one (1) year Contracts may be unilaterally extended by the City for a period of thirty-one (31) days.

ARTICLE 4. TERMINATION OF CONTRACT

1. The City has the right to terminate this Contract for cause or convenience or to terminate any portion of the Services which have not been performed by the Consultant.
2. In the event the City terminates this Contract or any part of the Services as herein provided, the City shall notify the Consultant in writing, and immediately upon receipt of such notice, the Consultant shall discontinue all Services, or the specific Services being terminated, as applicable, under this Contract.
3. Upon such termination, the Consultant shall immediately deliver to the City any and all documents or work product generated by the Consultant under the Contract (collectively, the "Work Product"), together with all unused material supplied by the City, applicable to the Services being terminated. Consultant shall be responsible only for such portion of the work as has been completed and accepted by the City. Use of incomplete data by the City shall be the City's sole responsibility.
4. Upon receipt of notice of termination, Consultant shall appraise the Services it has completed but has not yet been paid for and shall submit the Services and appraisal to the Contract Administrator for evaluation.
5. The Consultant shall receive as compensation in full for Services performed and approved by the Contract Administrator to the date of such termination, a fee for the percentage of Services actually completed and accepted by the City. This fee shall be in an amount to be mutually agreed-upon by the Consultant and the City, based upon the Scope of Work set forth in Exhibit B and the payment schedule set forth in Article 2 of this Contract. If mutual agreement between the Parties cannot be reached after reasonable negotiation, the Contract Administrator shall determine the percentage of satisfactory completion of each task set forth in the Scope of Work and the amount of compensation Consultant is entitled to for such work, and the Contract Administrator's determination in this regard shall be final. The City shall make such final payment within 60 days after the latest of: (i) Consultant's completion or delivery to the City of any portion of the Services not terminated; or (ii) Consultant's delivery to the City of all Work Product and any unused material supplied by the City, in accordance with Paragraph 3 of Article 4.

ARTICLE 5. ALTERATIONS OR ADDITIONAL SERVICES

The entire Scope of Services to be performed in accordance with this Contract is set forth in Exhibit B. Services which are not included in Exhibit B will be considered Additional Services, only if approved in writing by the Contract Administrator prior to their performance. The Consultant shall not perform such Additional Services without prior written authorization in the form of an approved change order or contract amendment from the City. In the event the Consultant performs such claimed Additional Services without prior written authorization from the City, it shall be conclusively presumed that the claimed Additional Services were included in the Scope of Services and Consultant shall not be permitted to request or receive any additional compensation for such claimed Additional Services.

ARTICLE 6. ASSIGNMENT AND SUBCONTRACTING

1. This Contract may not be assigned in whole or in part without the prior written consent of the City, and any such attempted assignment shall be null and void and a material breach of this Contract, and shall transfer no rights to the purported assignee.

2. The Consultant may engage such subconsultants or professional associates as Consultant may deem necessary or desirable for the timely and successful completion of this Contract. However, the use of such subconsultants or professional associates for the performance of any part of the Services specified in Exhibit B shall be subject to the prior written approval of the City. Employment of such subconsultants or professional associates in order to complete the work set forth in Exhibit B shall not entitle Consultant to additional compensation beyond that set forth in Article 2. The Consultant shall be responsible for and shall warrant all Services including work delegated to such subconsultants or professional associates.

ARTICLE 7. COMPLETENESS AND ACCURACY

The Consultant shall be responsible for and shall and hereby does warrant the completeness, accuracy and quality of all work done pursuant to the Contract including, but not limited to the Services, the Work Product, and the reports, survey work, plans, supporting data and special provisions prepared or compiled pursuant to Consultant's obligations under this Contract and shall correct at Consultant's expense all errors or omissions which may be discovered therein. City's acceptance or approval of the Consultant's Services shall in no way relieve the Consultant of any of Consultant's responsibilities hereunder.

ARTICLE 8. OWNERSHIP OF DOCUMENTS

All documents including but not limited to data computation, studies, reports, design notes and any original drawings which are prepared in the performance of this Contract are to be and remain the property of the City and are to be delivered to the Contract Administrator before final payment under this Contract is made to the Consultant or upon termination of this Contract for any reason. To the extent any such documents or the Work Product is deemed to be the property of Consultant, Consultant hereby assigns all of Consultant's right, title and interest (including any applicable copyrights) in such documents and Work Product to the City.

ARTICLE 9. INDEMNIFICATION

1. To the fullest extent permitted by law, the Consultant shall defend, indemnify, save and hold harmless the City and its officials, officers, employees and agents (collectively "Indemnitees") from and against any and all damages, claims, losses, liabilities, actions or expenses (including, but not limited to, attorneys' fees, court costs, and the cost of appellate proceedings) (collectively, "Claims") relating to, arising out of or alleged to have resulted from the performance of Services pursuant to this Contract including, but not limited to, any such performance by any subconsultant. The Consultant's duty to defend, hold harmless and indemnify Indemnitees pursuant to this section shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, including death, or to injury to, impairment, or destruction of property including loss of use resulting therefrom, caused in whole or in part by the acts, errors, mistakes, omissions, work or services of the Consultant or anyone for whose acts the Consultant may be legally liable. It is the specific intention of the Parties that the Indemnitee shall be indemnified by Consultant from and against all Claims other than those arising from the Indemnitees' sole negligence. The Consultant will be responsible for primary loss investigation and defense and judgment costs where this Indemnification applies.

2. In the event that any action or proceeding shall at any time be brought against any of the Indemnitees by reason of any Claim referred to in this Article, the Consultant, at Consultant's sole cost and upon at least 10 day's written notice from City, shall defend the same with counsel acceptable to City, in City's sole discretion.

3. The Consultant's obligations under this Article shall survive the expiration or earlier termination of this Contract.

4. The insurance provisions set forth in this Contract are separate and independent from the indemnity provisions of this Article and shall not be construed in any way to limit the scope and magnitude of this Indemnification, nor shall this Indemnification be construed in any way to limit the scope, magnitude or applicability of the insurance provisions.

ARTICLE 10. INSURANCE

Consultant shall secure and maintain during the life of this Contract, the insurance coverages set forth on Exhibit A.

ARTICLE 11. WARRANTIES

1. The Consultant shall be responsible for and shall and hereby does warrant that all Services provided shall: (i) be of good quality; (ii) be provided by properly trained, qualified, and licensed workers, subconsultants, and/or subvendors; (iii) conform to the requirements of this Contract (including all applicable descriptions, specifications, drawings and samples); (iv) be free from defects; (v) be appropriate for the intended purpose; (vi) meet or exceed all specifications, requirements and legal regulations, statutes and/or codes that apply thereto, including, without limitation, all federal, state, county, and City rules regulations, ordinances and/or codes that may apply; and (vii) be fully covered by Consultant's warranties running in favor of the City under this Contract.

2. Immediately upon notice from the Contract Administrator thereof, Consultant shall correct or replace as required by the Contract Administrator, at Consultant's expense, all defects, noncompliance, or inadequacies which may be discovered in any of the Services provided under this Contract. The City's acceptance or approval of the Services shall in no way relieve the Consultant of any of Consultant's responsibilities hereunder. Unless a longer period is provided in the Contract Documents, this obligation to correct or replace shall continue for a period of two (2) years after acceptance of the specific Services.

ARTICLE 12. DISCLOSURES BY CONSULTANT.

1. The Consultant shall reveal fully and in writing any financial or compensatory agreements which the Consultant has with any prospective contractor prior to the City's publication of requests for proposals or comparable documents.

2. The Consultant hereby warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Consultant, to solicit or secure this contract, and that the Consultant has not paid or agreed to pay any person, company, corporation, individual or firm other than a bona fide employee working solely for the Consultant any fee, commission, percentage, gift or any other consideration contingent upon or resulting from the award or making of this contract.

3. The Consultant shall comply with Executive Order No. 11246 entitled "Equal Opportunity Employment" as amended by Executive Order No. 11375, and supplemented Department of Labor Regulations 41 CFR, Part 16.

ARTICLE 13. CONTRACT ADMINISTRATOR

The City's Contract Administrator for this Contract shall be the City Manager or his/her designee(s).

ARTICLE 14. NOTICE

All notices or demands required to be given, pursuant to the terms of this contract, shall be given to the other Party in writing, delivered in person, sent by facsimile transmission, deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested or deposited with any commercial air courier or express service at the addresses set forth below, or to such other address as the Parties may substitute by written notice, given in the manner prescribed in this paragraph.

City: Karen Osburn, City Manager
102 Roadrunner Drive
Sedona, AZ 86336
Facsimile: (928) 282-7207

Consultant: Sandra L. Cronstrom, CPA, Principal
CliftonLarsonAllen LLP
20 East Thomas Road, Suite 2300
Phoenix, AZ 85012-3111
Facsimile: (602) 266-2907

A notice shall be deemed received on the date delivered, if delivered by hand, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express services or, if mailed, three (3) working days (exclusive of United States Post Office holidays) after the notice is deposited in the United States mail as above provided, and on the delivery date indicated on receipt, if delivered by certified or registered mail. Any time period stated in a notice shall be computed from the time the notice is deemed received. Notices sent by facsimile transmission shall also be sent by regular mail to the recipient at the above address. This requirement for duplicate notice is not intended to change the effective date of the notice sent by facsimile transmission. E-mail is not an acceptable means for meeting the requirements of this section unless otherwise agreed in writing.

ARTICLE 15. GENERAL PROVISIONS

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

B. **INCORPORATION OF RECITALS AND EXHIBITS.** The Recitals, Exhibits and Appendices attached hereto are acknowledged by the Parties to be substantially true and correct, and hereby incorporated as agreements of the Parties.

C. **ATTORNEYS' FEES.** In the event either Party brings any action for any relief, declaratory or otherwise, arising out of this Contract, or an account of any breach or default hereof, the prevailing Party shall be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses (including expert witness fees), determined by the arbitrator or court sitting without a jury, which fees shall be deemed to have accrued on the commencement of such action and shall be enforced whether or not such action is prosecuted through judgment.

D. **ENTIRE AGREEMENT.** This Contract constitutes the entire understanding of the Parties and supersedes all previous representations, written or oral, with respect to the services specified herein.

E. **GOVERNING LAW.** This Contract shall be governed by and construed in accordance with the substantive laws of the State of Arizona, without reference to conflict of laws and principles. Exclusive jurisdiction and venue for any action brought to enforce or construe any provision of this Contract shall be proper in the Superior Court of Yavapai County, Arizona and both Parties consent to the sole jurisdiction of, and venue in, such court for such purposes.

F. **INDEPENDENT CONTRACTOR.** The services Consultant provides under the terms of this Contract to the City are that of an Independent Contractor, not an employee, or agent of the City. As an independent contractor, Consultant shall: (a) have discretion in deciding upon the method of performing the services provided; (b) not be entitled to worker's compensation benefits from the City; (c) not be entitled to any City sponsored benefit plan; (d) shall select the hours of his/her work; (e) shall provide his/her own equipment and tools; and (f) to the extent required by law, be responsible for obtaining and remaining licensed to provide the Services.

G. **TAXES.** Consultant shall be solely responsible for any and all tax obligations which may result out of the Consultant's performance of this contract. The City shall have no obligation to pay any amount for taxes, of any type, incurred by the Consultant. The City will report the value paid for these Services each year to the Internal Revenue Service (I.R.S.) using Form 1099. The City shall not withhold income tax as a deduction from contractual payments. Consultant acknowledges that Consultant may be subject to I.R.S. provisions for payment of estimated income tax. Consultant is responsible for consulting the local I.R.S. office for current information on estimated tax requirements.

H. **AMENDMENTS.** Any amendment, modification or variation from the terms of this Contract shall be in writing and signed by all Parties hereto.

I. **COMPLIANCE WITH LAW.** The Consultant specifically agrees and hereby warrants to the City that in the performance of the Services, Consultant and anyone acting on Consultant's behalf, including but not limited to Consultant's subconsultants, will comply with all state, federal and local statutes, ordinances and regulations, and will obtain all permits and licenses applicable for performance under this contract.

J. **SEVERABILITY.** In the event that any provision of this Contract shall be held to be invalid and/or unenforceable, the remaining provisions shall be valid and binding upon the Parties.

K. **WAIVER.** None of the provisions of this Contract shall be deemed to have been waived by any act or knowledge of any Party or its agent or employees, but only by a specific written waiver signed by an authorized officer of such Party and delivered to the other Party. One or more waivers by either Party of any provisions, terms, conditions, or covenants of this Contract, or any breach thereof, shall not be construed as a waiver of a subsequent breach by the other Party.

L. **COUNTERPARTS.** This Contract may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, binding on all of the Parties. The Parties agree that this Contract may be transmitted between them via facsimile. The Parties intend that the faxed signatures constitute original signatures and that a faxed contract containing the signatures (original or faxed) of all the Parties is binding upon the Parties.

M. COMPLIANCE WITH IMMIGRATION LAWS AND REGULATIONS.

Pursuant to the provisions of A.R.S. §41-4401, the Consultant warrants to the City that the Consultant and all its subconsultants are in compliance with all Federal Immigration laws and regulations that relate to their employees and with the E-Verify Program under A.R.S. §23-214(A). Consultant acknowledges that a breach of this warranty by the Consultant or any of its subconsultants is a material breach of this Contract subject to penalties up to and including termination of this Contract or any subcontract. The City retains the legal right to inspect the papers of any employee of the Consultant or any subconsultant who works on this Contract to ensure compliance with this warranty.

The City may conduct random verification of the employment records of the Consultant and any of its subconsultants to ensure compliance with this warranty.

The City will not consider Consultant or any of its subconsultants in material breach of the foregoing warranty if Consultant and its subconsultants establish that they have complied with the employment verification provisions prescribed by 8 USCA § 1324(a) and (b) of the Federal Immigration and Nationality Act and the e-verify requirements prescribed by Arizona Revised Statutes § 23-214(A). CONSULTANT shall execute the required documentation and affidavit of lawful presence as set forth in ARS 1-502/8 USC § 1621.

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

N. NON-DISCRIMINATION. Consultant, its agents, employees, contractors and subcontractors shall not discriminate in any employment policy or practice. "Discrimination" means to exclude individuals from an opportunity or participation in any activity or to accord different or unequal treatment in the context of a similar situation to similarly situated individuals because of race, color, gender, gender identity, sexual orientation, religion, national origin or ancestry, marital status, familial status, age, disability, or veteran status.

O. DISPUTE RESOLUTION. The parties agree in good faith to attempt to resolve amicably, without litigation, any dispute arising out of or relating to this contract. In the event that any dispute cannot be resolved through direct discussions, the parties agree to endeavor to settle the dispute by mediation. Either party may make a written demand for mediation, upon which demand the matter shall be submitted to a mediation firm mutually selected by the parties. The mediator shall hear the matter and provide an informal opinion and advise within twenty (20) days following written demand for mediation. Said informal opinion and advice shall not be binding on the parties, but shall be intended to help resolve the dispute. The mediator's fee shall be shared equally by the parties. If the dispute has not been resolved, the matter may then be submitted to the judicial system.

P. NO WAIVER. Delays in enforcement or the waiver of any one or more defaults or breaches of this contract by City shall not constitute a waiver of any of the other terms or obligations of this contract.

Q. CANCELLATION FOR CONFLICT OF INTEREST. Pursuant to the provisions of A.R.S. § 38-511, the City may cancel any contract or agreement, without penalty or obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension thereof is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

R. LICENSES. Consultant shall maintain in current status all Federal, State, and Local licenses and permits required for the operation of the business conducted by Consultant and the Services.

S. PERMITS AND RESPONSIBILITIES. Consultant shall, without additional expense to the City, be responsible for obtaining any necessary licenses and permits and for complying with any applicable Federal, State and Municipal Laws, codes and regulations in connection with the execution of the work.

T. LIENS. Consultant shall cause all materials, service or construction provided or performed under the resultant contract to be free of all liens, and if the City requests, Consultant shall deliver appropriate written releases, in statutory form of all liens to the City.

U. PATENTS AND COPYRIGHTS. All services, information, computer program elements, reports and other deliverables, which may be patented or copyrighted and created under this contract are the property of the City and shall not be used or released by Consultant or any other person except with the prior written permission of the City.

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

W. PRIORITY OF DOCUMENTS. In the event of a conflict between the terms of this Contract and the terms of any other document related to the Services, including but not limited to Scope of Services, the terms of this Contract shall prevail. In the event of a conflict between the terms of any bid document (RFP, RFQ, IFB) and the terms of a response, the terms of the bid document will control.

ARTICLE 16. FUNDS APPROPRIATION

If the term of this Contract or provision of any Services hereunder extends beyond the current fiscal period of the City and the City Council does not appropriate funds to continue this Contract and pay for charges hereunder, the City may terminate this Contract at the end of the current fiscal period. The City agrees, to the extent reasonably practical, to give written notice of such termination pursuant to Article 14 of this Contract at least thirty (30) days prior to the end of the current fiscal period and will pay to the Consultant approved charges incurred through the end of such period.

THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK.

In witness whereof, the parties hereto have executed and caused to be signed by their duly authorized representatives, this Contract on the date first written above.

CITY OF SEDONA:

Approval of Contract Administrator:

Karen Osburn, City Manager

ATTEST:

Susan L. Irvine, CMC, City Clerk

REVIEWED AS TO FORM:

Kurt W. Christianson, City Attorney

CONSULTANT:

Sandra L. Cronstrom, CPA, Principal
CliftonLarsonAllen LLP

EXHIBIT A
INSURANCE

1. The Consultant shall secure and maintain during the life of this Contract, the insurance coverage set forth in this Exhibit A, which shall include statutory workman's compensation, comprehensive general and automobile liability, Consultant's liability insurance and errors and omissions professional liability. The comprehensive general and automobile liability limits shall be no less than one million dollars (\$1,000,000.00) combined single limit. The Consultant's general liability limits shall be no less than one million dollars (\$1,000,000.00) for each occurrence and two million dollars (\$2,000,000.00) policy aggregate naming the City as an additional insured. The minimum amounts of coverage for Consultant's professional liability shall be one million dollars (\$1,000,000.00). In other than errors and omissions professional liability, and workman's compensation, the City shall be named as an additional insured. All insurance coverage shall be written through carriers licensed in Arizona, or on an approved non-admitted list of carriers published by the Arizona Department of Insurance, and possessing an A.M. Best rating of at least A or better through Lloyd's of London. Should coverage be written on a claims-made basis, the Consultant shall provide, prior to commencement of any work, an initial certificate of insurance evidencing required coverage limits from date of contract execution through date of policy expiration. Subsequently, a certificate of insurance or a renewal quotation accompanied by evidence of premium payment shall be presented a minimum of thirty (30) days prior to date of expiration of current certificate. Such certificate or evidence of continuous coverage shall be provided on a periodic basis for a minimum of two (2) years after completion of contract, and shall contain a certification that the claims period for such insurance is retroactive to the effective date of this Contract. In the event the Consultant fails to provide such certificate of coverage retroactive to the beginning date of this Contract, the City may, but shall not be required to, purchase insurance, if available, to protect itself against any losses which would have been covered by the errors and omissions policy Consultant is required to maintain under this Article. If the City elects to purchase the insurance under this provision, Consultant shall be liable to the City for all costs incurred by the City for purchasing such insurance.

2. The Consultant shall submit to the City a certificate of insurance evidencing the coverage and limits stated in the foregoing paragraph **within ten (10) days** of award of this Contract. Insurance evidenced by the certificate shall not expire, be canceled, or materially changed without thirty (30) days prior written notice to the City, and a statement to that effect must appear on the face of the certificate and the certificate shall be signed by a person authorized to bind the insurer. The amount of any errors and omissions deductible shall be stated on the face of the certificate. The Contract Administrator may require the Consultant to furnish a financial statement establishing the ability of Consultant to fund the deductible. If in the sole judgment of the Contract Administrator the financial statement does not establish the Consultant's ability to fund the deductible, and no other provisions acceptable to the Contract Administrator are made to assure funding of the deductible, the Contract Administrator may, in his/her sole discretion, terminate this Contract and the City will have no further obligation to the Consultant.

3. Additional Insurance Requirements: The Consultant is primarily responsible for the risk management of its Services under this Contract, including but not limited to obtaining and maintaining the required insurance and establishing and maintaining a reasonable risk control and safety program. City reserves the right to amend the requirements herein at any time during the Contract subject to at least 30 days written notice. The Consultant shall require any and all subcontractors to maintain insurance as required herein naming City and Consultant as "Additional Insured" on all insurance policies, except Worker's Compensation, and this shall be reflected on the Certificate of Insurance. The Consultant's insurance coverage shall be primary insurance with respect to all other available sources. Coverage provided by the Consultant shall not be limited to the liability assumed under the Indemnification provision of this Contract. To the extent permitted by law, Consultant waives all rights of subrogation or similar rights against City, its council members, agents, representatives, officers, officials, and employees. All insurance policies, except Workers' Compensation required by this Contract, and self-insured retention or deductible portions, shall name, to the fullest extent permitted by law for claims arising out of the performance of this Contract, City of Sedona, its council members, agents, representatives, officers, officials and employees as Additional Insureds. The City reserves the right to require complete copies of all insurance policies required by this Contract at any time. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

EXHIBIT B

SCOPE OF SERVICES

The attached Request for Proposal and the Consultant's response are incorporated as part of the Professional Services Contract.



REQUEST FOR PROPOSAL
FOR
PROFESSIONAL AUDIT SERVICES
FISCAL YEARS 2021 THROUGH 2023
(WITH OPTIONS FOR TWO ADDITIONAL YEARS)

PROPOSALS SHALL BE SUBMITTED TO:

City of Sedona
City Clerk's Office (for time and date stamping)
Attn: Cherie R. Wright, Director of Financial Services
102 Roadrunner Drive
Sedona, AZ 86336

PROPOSALS DUE:

Monday, March 29, 2021 by 4:00 p.m.

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CITY OF SEDONA

REQUEST FOR PROPOSAL

FOR

PROFESSIONAL AUDIT SERVICES

I. INTRODUCTION

The City of Sedona (the “City”) is seeking proposals from qualified firms of certified public accountants to provide professional audit services (the “auditor”) in accordance with the terms and specifications in this Request for Proposal (the “RFP”). A description of the required services is included in Section III.

Background

The City of Sedona was established in 1902 and is one of Arizona’s premier tourism, recreation, resort, retirement, and art centers, all of which contribute to the City’s economic base.

The community was incorporated as a City under Arizona Revised Statutes (A.R.S.) in 1988. It encompasses an area of 19 square miles, approximately half of which is under jurisdiction of the U.S. Forest Service. The population is estimated at 10,315.

The City provides a full range of municipal services, including police protection, wastewater services, construction and maintenance of streets, recreational and cultural events, planning and zoning services, and general administrative services. The City offers community facilities, including a swimming pool and six parks. The City has also begun the process of designing a public transit system. Water service and refuse collection are private, the library is a non-profit with some contract funding from the City, and fire service is provided by a special district. The primary government includes three blended component units: the Sedona Wastewater Municipal Property Corporation and two community facilities districts. The City has approximately 152 employees, and the administrative offices are currently open Monday through Thursday from 8:00 a.m. to 12:00 p.m. as a result of precautions taken due to the COVID-19 pandemic.

The City is a part of two counties (Yavapai and Coconino) and is traversed by two state arteries. There is no property tax levied by the City. Currently, the City’s major revenue sources include local sales tax revenues, state shared revenues, and wastewater fees.

The City’s existing bonds outstanding will be paid off July 1, 2027; however, the City is considering issuance of debt for the new public transit system, as well as a parking garage in the Uptown area.

The City is under a voter-approved alternative expenditure limitation that was most recently extended on August 28, 2018. The total fiscal year 2020-21 budget is \$51.2 million. As of June 30, 2020, the total net assets of the City are \$169.1 million. Net assets of the City’s governmental activities are \$73.7 million, and net assets of the City’s business-type activities are \$95.5 million. The City’s financial statements include

two community facilities districts as blended component units. The City met the threshold for a single audit for fiscal year 2019-20 but does not anticipate meeting the threshold for fiscal year 2020-21.

More detailed information on the City and its finances, including the prior year audited financial statements, can be found in the Budget & Audit section on the Financial Services Department page of the City’s website at: www.sedonaaz.gov.

II. PROPOSAL PROCEDURES

A. SCHEDULE OF PROPOSAL

Issue RFP	Wednesday, February 17, 2021
Written Questions Due	Monday, March 8, 2021
Responses to Questions	Monday, March 15, 2021
Proposals Due	Monday, March 29, 2021, 4:00 p.m.
Preliminary Evaluations by RFP Review Committee	Monday, April 5, 2021
Oral Presentations (as needed)	Monday, April 12, 2021

It is the intent of the City to award the contract at the April 27, 2021 Council meeting and for implementation to begin immediately after.

B. PREPARATION OF PROPOSAL

Each proposal should be prepared simply and economically avoiding the use of elaborate promotional materials beyond what is sufficient to provide a complete, accurate, and reliable presentation. For ease of review, the proposals should follow the outline in Section III of this RFP.

C. NUMBER OF PROPOSAL COPIES

Six (6) copies of the proposal should be submitted. One copy must be electronic and submitted via CD or USB device and the other five (5) must be hard copy.

D. SUBMISSION OF PROPOSALS

The City will accept sealed proposals until **4:00 p.m. on Monday, March 29, 2021**. Proposals shall be submitted by mail or hand delivered to:

City of Sedona
City Clerk’s office (for time and date stamping)
Attention: Cherie R. Wright, Director of Financial Services
102 Roadrunner Drive
Sedona, AZ 86336

Proposals must be submitted in a sealed envelope clearly marked with the RFP title, Professional Auditing Services, on the lower left-hand corner of the mailing envelope. The Proposer’s name and address should be clearly indicated on the envelope.

It is the responsibility of all Proposers to examine this RFP carefully, understand the terms and conditions for providing the services listed and seek clarification in writing, of any item or requirement that may not be clear and respond completely. Submission of a proposal indicates acceptance by the Proposer of the terms and conditions contained in this RFP, unless specifically noted in the proposal submitted, and confirmed in contract between the City and Proposer selected. **FAILURE TO COMPLETE AND PROVIDE ANY OF THESE PROPOSAL REQUIREMENTS MAY RESULT IN THE PROPOSER'S PROPOSAL BEING DEEMED NON-RESPONSIVE AND THEREFORE DISQUALIFIED FROM CONSIDERATION.** The City is under no obligation to return proposals. Any unauthorized contact with any other official or employee in connection with this RFP is prohibited and shall be cause for disqualification of the Proposer.

Late Proposals will not be considered under any circumstance. It is the sole responsibility of the Proposer to see that its Proposal is delivered and received by the proper time and at the proper place.

E. PUBLIC RECORD

All proposals submitted in response to this RFP shall become the property of the City and shall become a matter of public record available for review, subsequent to the proposal opening.

If a Proposer believes that the proposal contains information that should be withheld, a statement advising the City of this fact shall accompany the submission and the information shall be identified. City will not ensure confidentiality of any portion of the proposal that is submitted if a public record request is made. City will provide 48 hours' notice before releasing materials identified by the proposal as confidential or proprietary in order for the Proposer to apply for a court order blocking the release of the information.

F. INQUIRIES

All questions related to this RFP shall be directed to Cherie R. Wright, Director of Financial Services. All questions must be submitted in writing via email to CWright@SedonaAZ.gov by Monday, March 8, 2021. The City shall not be responsible for Proposers adjusting their proposal based on any oral instructions made by employees of the City regarding the RFP. All changes to the RFP shall be in the form of a written addendum, which shall be furnished to all Proposers who are listed with the City as having received the original RFP. The City will not respond to any requests for information pertaining to RFP specifications received less than four working days (Monday-Thursday) prior to the Proposal Due date.

G. TIME AND LOCATION OF PROPOSER'S PRESENTATION

Selected Proposers may be requested to provide in-person presentations. Those Proposers will be notified to arrange specific times.

H. EFFECTIVE PERIOD OF PROPOSALS

All proposals must state the period for which the proposal shall remain in effect (i.e., how much time does the City have to accept or reject the proposal under the terms proposed). Such period shall not be less than ninety (90) days from the proposal date.

I. BID RESERVATIONS

The City reserves the right to:

- Reject any or all quotations or proposals received in response to this RFP;
- Request additional information or clarification from any Proposer on any or all aspects of its quotation or proposal;
- Waive informalities contained in proposals that are not consistent with law;
- Waive any minor defects in the proposal;
- Cancel and/or reissue this RFP at any time;
- Retain all quotations or proposals submitted in response to this RFP and to use any ideas in a proposal regardless of whether that proposal is selected; and
- Invite some, all, or none of the Proposers for interviews and further discussion.

J. AWARD OF CONTRACT

The City reserves the right to award by items, groups of items, or as a whole, whichever is deemed most advantageous to the City.

The selected Proposer shall be required to enter into a written contract with the City for professional audit services in a form approved by legal counsel for the City. This RFP and the proposal, or any part thereof, may be incorporated into and made a part of the final contract. The City reserves the right to negotiate the terms and conditions of the contract with the selected Proposer.

K. CONTRACT TERM

It is the intent of the City to award the contract for an initial three (3) year period with the option to renew for two (2) additional one (1) year periods at the sole discretion of the City.

Proposers are asked to agree to fixed contract fees for at least the first three (3) years.

L. CANCELLATION

If the services to be performed hereunder by the Contractor are not performed in an acceptable manner to the City, the City may cancel this contract by providing written notice to the Contractor, giving at least thirty (30) days' notice of the proposed cancellation and the reasons for same. During that time period, the Contractor may seek to bring the performance of services hereunder to a level that is acceptable to the City, and the City may rescind the cancellation if such action is in City's best interest. Notwithstanding the above provisions, the City may, upon the expiration of thirty (30) days written notice to the Contractor, terminate the agreement at will. Payment for services or

goods received prior to termination shall be made by the City provided those goods or services were provided in a manner acceptable to the City. Payment for those goods and services shall not be unreasonably withheld.

M. USE OF SUBCONTRACTORS

The intent to use subcontractors to perform any portion of the work described in this request for proposal must be clearly stated in the Proposer's response. The Proposer's response must include a description of what portion(s) of the work will be subcontracted out, and the names and addresses of potential subcontractors.

N. INSURANCE REQUIREMENTS

Any contract awarded will contain language similar to the following:

- 1) The CONTRACTOR agrees to procure and maintain in force during the term of this contract, at its own cost, the following coverages:
 - a) Worker's Compensation Insurance as required by the Labor Code of the State of Arizona and Employers' Liability Insurance.
 - b) Commercial General or Business Liability Insurance with minimum combined single limits of ONE MILLION DOLLARS (\$1,000,000.00) each occurrence and TWO MILLION DOLLARS (\$2,000,000.00) general aggregate.
 - c) Automobile Liability Insurance with minimum combined single limits for bodily injury and property damage of not less than ONE MILLION DOLLARS (\$1,000,000.00) for any one occurrence, with respect to each of the CONTRACTOR'S owned, hired, or non-owned automobiles assigned to or used in performance of the services. In the event that the CONTRACTOR'S insurance does not cover non-owned automobiles, the requirements of this paragraph shall be met by each employee of the CONTRACTOR who uses an automobile in providing services to Sedona under this contract.
 - d) Professional Liability coverage with minimum limits of ONE MILLION DOLLARS (\$1,000,000.00) each claim. If approved by CITY, evidence of qualified self-insured status may be substituted for one or more of the foregoing insurance coverages.
- 2) CONTRACTOR shall procure and maintain the minimum insurance coverages listed herein. Such coverages shall be procured and maintained with forms and insurers acceptable to CITY, acceptance of which shall not be unreasonably withheld. All coverages shall be continuously maintained to cover all liability, claims, demands, and other obligations assumed by the CONTRACTOR pursuant this contract. In the case of any claims made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage.
- 3) A Certificate of Insurance shall be completed by the CONTRACTOR'S insurance agent(s) as evidence that policies providing the required coverages, conditions and minimum limits are in full force and effect, and shall be subject to review and approval by CITY. The Certificate shall identify this contract and shall provide that the coverages afforded under the policies shall not be canceled, terminated, or limits reduced until at least 30 days prior written notice has been given to CITY. The completed Certificate of Insurance shall be sent to:

City of Sedona
102 Roadrunner Drive
Sedona, AZ 86336
Attn: City Clerk

- 4) Failure on the part of the CONTRACTOR to procure or maintain policies providing the required coverages, conditions and minimum limits shall constitute a Material Breach of Contract upon which CITY may immediately terminate this contract or, at its discretion, CITY may procure or renew any such policy or any extended reporting period thereto and may pay any and all premiums in connection therewith, and all monies so paid by CITY shall be repaid by the CONTRACTOR to CITY upon demand, or CITY may offset the cost of the premiums against any monies due to CONTRACTOR from CITY.
- 5) CITY reserves the right to request and receive a certified copy of any policy and any pertinent endorsement thereto. CONTRACTOR agrees to execute any and all documents necessary to allow Sedona access to any and all insurance policies and endorsements pertaining to this particular job.

O. ASSIGNMENT OF CONTRACT

The Proposer shall not assign or subcontract any portion of the contract without the express written consent of the City. Any purported assignment or subcontract in violation hereof shall be void. It is expressly acknowledged that the City shall never be required or obligated to consent to any request for assignment or subcontract, and further, that such refusal to consent can be for any or no reason, fully within the sole discretion of the City.

P. ABILITY TO MEET OBLIGATIONS

By submitting a proposal, the Proposer affirms that there are no actions, suits or proceedings of any kind pending against Proposer or, to the knowledge of the Proposer, threatened against Proposer before or by any court, governmental body or agency, or other tribunal or authority which would, if adversely determined, have a materially adverse effect on the authority or ability of Proposer to perform its obligations under this contract, or which question the legality, validity or enforceability hereof or thereof.

Q. UNDUE INFLUENCE

By submitting a proposal, the Proposer declares and warrants that no undue influence or pressure is or has been used against or in concert with any officer or employee of the City in connection with award or terms of the Contract that will be executed as a result of this RFP, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City will receive compensation, directly or indirectly, from the Proposer, or from any officer, employee, or agent of the Proposer, in connection with award of the contract or any work to be conducted as a result of this RFP. Violation of this section shall be a material breach of the Contract entitling the City to any and all remedies by law or in equity.

R. NONDISCRIMINATION

The City maintains various policies related to contractual service providers. Among these is an anti-discrimination policy, which requires that our contractors not discriminate in hiring on the basis of gender, race, religion, sexual orientation, or medical condition. Any contract awarded will contain language similar to the following:

CONTRACTOR, its agents, employees, and subcontractors shall not discriminate in any employment policy or practice. "Discrimination" means to exclude individuals from an opportunity or participation in any activity or to accord different or unequal treatment in the context of a similar situation to similarly situated individuals because of race, color, gender, gender identity, sexual orientation, religion, national origin or ancestry, marital status, familial status, age, disability, or veteran status.

S. COMPLIANCE

By submitting a proposal, the Proposer warrants that both in submission of its proposal and performance of any resultant purchase order or contract, Proposer will comply with all applicable Federal, State, local, and City laws, regulations, rules, or ordinances.

T. INCURRED EXPENSES

The Proposer, by submitting a proposal, agrees that any cost incurred by responding to this RFP, or in support of activities associated with this RFP, shall be borne by the Proposer and may not be billed to the City. The City will incur no obligation of liability whatsoever to anyone resulting from issuance of, or activities pertaining to, this RFP. There is no expressed or implied obligation for the City to reimburse the Proposer for any expenses incurred in preparing proposals in response to this RFP.

U. PROPOSAL AMENDMENT OR WITHDRAWAL

A Proposal may be withdrawn any time before the Proposal due date and time. A Proposal may not be amended or withdrawn after the Proposal due date and time except as otherwise provided by applicable law.

V. INDEMNIFICATION

To the fullest extent permitted by law, the proposer/firm shall indemnify, defend and hold harmless the City and its officials, officers, employees and agents (collectively the "Indemnified Party"), from and against any and all losses, claims, damages, liabilities, costs and expenses to which any such Indemnified Part may become subject, under any theory of liability ("Claims"), insofar as such Claims or action in respect thereof relate to, arise out of, or are caused by or based upon the negligent acts, intentional misconduct, errors, mistakes or omissions, in connection with the work or services of the proposer/firm in response to this RFP.

III. SCOPE OF SERVICES

A. SCOPE OF SERVICES

The City of Sedona desires a Comprehensive Annual Financial Report (CAFR) and its component unit financial statements to be audited by the independent auditor and be fully compliant for current GASB Standards for the fiscal year ended June 30, 2021 and two (2) subsequent fiscal years thereafter, with an option to extend the contract in one (1) year periods, not to exceed a total of two (2) additional fiscal years. City staff has prepared the CAFR for the past three years, including the letter of transmittal, Management's Discussion and Analysis (MD&A), and the statistical section. The City will be planning to submit the CAFR to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program.

The selected independent auditor shall be required to perform the following tasks:

- 1) The auditor will perform an audit of all funds of The City of Sedona. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, issued by the Comptroller of the United States and the provisions of the U.S. Office of Management and Budget, *Audits of State, Local Governments and Non-Profit Organizations*. The City's CAFR may be prepared by the auditor including the letter of transmittal, MD&A, and the statistical section. The CAFR must be prepared in full compliance with current GASB Standards. The auditor will render their auditor's report on the basic financial statements, which will include both government-wide financial statements and fund financial statements. The auditor will also apply limited audit procedures to the MD&A and required supplementary information pertaining to the General Fund and each major fund of the City.
- 2) The auditor may perform a single audit on the expenditures of federal grants in accordance with the OMB requirements and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with Government Auditing Standards and the appropriate reports on Compliance for each Major Program, and on the Schedule of Expenditures of Federal Awards in accordance with the U. S. Office of Management and Budget (OMB) requirement. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings, and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required. If the City does not meet the minimum requirements to necessitate a single audit, the fees shall be adjusted accordingly.
- 3) The auditor shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures, and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the City Manager.
- 4) Periodically, the City receives Federal or State grant funding. Whenever such funds are received (or expended by the City), an audit is required. If funding is received during the contract period, an audit of the activity will be required including an opinion of fair presentation in accordance

with GAAP and compliance with applicable program guidelines. To fulfill the HURF reporting requirements and to comply with professional standards, the auditor should use the American Institute of Certified Public Accountants (AICPA) Codification of Statements on Auditing Standards, AU-C §806—Reporting on Compliance with Aspects of Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements.

- 5) The City of Sedona Municipal Court is required to undergo an external review by auditors every third (3rd) fiscal year. The last external review was completed fiscal year ended 2019. The next review is due fiscal year ended 2022. The auditors will apply the agreed-upon procedures, which the Arizona Supreme Court has specified, enumerated in the Guide for External Reviews by Auditors issued by the Arizona Supreme Court prepared in accordance with the American Institute of Certified Public Accountants, Codification of Professional Standards, AT Section 201, Statement on Standards for Attestation Engagements (SSAEs), Agreed-Upon Procedures Engagements. The engagement is solely to comply with the Arizona Supreme Court’s Minimum Accounting Standards enumerated in the Guide for External Reviews by Auditors.
- 6) The City may prepare one or more official statements in connection with the sale of debt securities that will contain the basic financial statements and the auditor’s report thereon. The auditor shall be required, if requested by the City and/or the underwriter, to issue a “consent and citation of expertise” as auditor and any necessary “comfort letters.”
- 7) The auditor may be required to present the results of the audit at an in-person or virtual City Council meeting.

B. STANDARDS TO BE FOLLOWED

To meet the requirements of this RFP, the audit shall be performed in accordance with:

- 1) Generally accepted auditing standards as set forth by the American Institute of Certified Public Accounts
- 2) The standards set forth for financial audits in the U.S. General Accounting Office’s (GAO) Government Auditing Standards
- 3) The provisions of the Single Audit Act as amended in 1996
- 4) The provisions of U. S. Office of Management and Budget (OMB) 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 5) State of Arizona Uniform Expenditure Reporting System requirements (UERS) mandated by the A.R.S. §41-1279.07, with guidelines set forth by the Arizona Auditor General
- 6) State of Arizona Highway User Revenue Fund (HURF) Expenditure requirements pursuant to A.R.S. §9-481.B.2.

C. AUDIT APPROACH

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this RFP.

Proposers will be required to provide the following information on the audit approach:

- 1) Proposed segmentation of the engagement.

- 2) Level of staff and number of hours to be assigned to each proposed segment of the engagement. Please note that the City requires an audit supervisor to be on-site any time staff auditors are working.
- 3) Sample size and the extent to which statistical sampling is to be used in the engagement.
- 4) Extent to which software will be used to test the City's financial systems during the engagement.
- 5) Type and extent of analytical procedures to be used in the engagement.
- 6) Approach to be taken to gain and document an understanding of the City's internal control structure.
- 7) Approach to be taken in determining laws and regulations that will be subject to audit test work.
- 8) Approach to be taken in drawing audit samples for tests of compliance.
- 9) Areas/departments that will be subject to compliance and substantive sampling.
- 10) The proposal shall indicate how the audit approach will differ, if applicable, in the second and subsequent years of the engagement regarding the planned staff level, sample sizes, test work, sampling techniques, and other aspects of the engagement.
- 11) The proposal shall identify and describe any anticipated potential audit problems, the auditor's approach to resolving these problems and any special assistance that will be requested from the City.

D. DETAILED REVIEW OF CAFR

The City will send its Comprehensive Annual Financial Report (CAFR) to the GFOA of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting Program. The auditor will be required to provide assistance to the City, including a detailed review of its CAFR, to assure accuracy and adherence to the requirements of the program. The proposal should contain a detailed account of the steps the auditor will take to ensure the award of the Certificate.

E. PROPOSED SCHEDULE

Describe the auditor's timing for: conducting interim field work, final field work, draft financial statements, communicating with elected officials, production of financial statements. The City desires to have draft reports completed by mid-November and the Comprehensive Annual Financial Report published by mid-December. Please provide a proposed work schedule/ calendar to achieve that result.

F. WORKING PAPER RETENTION

All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years, unless the auditor is notified in writing by the City of Sedona of the need to extend the retention period. The auditor will be required to make working papers available to the City of

Sedona or any government agencies included in the audit of federal grants. In addition, the auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

G. REPORTS TO BE ISSUED

Following the completion on the audit of the fiscal year's financial statements, the auditor shall issue:

- 1) Independent Auditor's Reports for the City – reports on the fair presentation of the financial statements in conformity with generally accepted accounting principles, based upon audits of the Basic Financial Statements of the City. The other supplementary information listed in the Table of Contents in the City's CAFR, including combining schedules and additional budgetary comparison schedules, are not a required part of the basic financial statements. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and schedules. The information presented shall be based on the auditing procedures applied during the audits of these basic financial statements.
- 2) Management and SAS 114 Letters, which includes findings, statements, observations, opinions, comments, or recommendations, related to:
 - a) Systems of internal control based upon the auditors' understanding of the control structure and assessment of control risk
 - b) Compliance with applicable laws and regulations
 - c) Accounting systems, functions, procedures, and processes, especially with regard to cost effectiveness
- 3) Single Audit Report of Federal Financial Assistance.
- 4) Annual Expenditure Limitation Report to the Arizona Auditor General.
- 5) Independent Auditor's Report on State of Arizona Highway User Revenue Fund (HURF) Expenditure requirements pursuant to A.R.S. §9-481.B.2.
- 6) Agreed-Upon Procedures Report for Court Review.

Number of Copies of Report to Be Produced

- 1) Independent Auditors' Report on CAFR – 1 PDF file
- 2) Management and SAS 114 letter – 10 copies and 1 PDF file
- 3) Single Audit, if applicable – 10 reports and 1 PDF file
- 4) Expenditure Limitation Report to the Auditor General – 10 reports and 1 PDF file
- 5) Independent Auditors' Report on HURF – 10 reports and 1 PDF file
- 6) Agreed -Upon Procedures Report for Court Review – 10 reports and 1 PDF file

Internal Control and Compliance Reports

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material

weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls. The reports on compliance shall include all instances of noncompliance.

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

- City Manager
- Director of Financial Services
- City Attorney

Auditors shall assure themselves that the City is informed of each of the following:

- 1) The auditor's responsibility under generally accepted auditing standards
- 2) Significant accounting policies
- 3) Management judgments and accounting estimates
- 4) Significant audit adjustments
- 5) Other information in documents containing audited financial statements
- 6) Disagreements with management
- 7) Management consultation with other accountants
- 8) Major issues discussed with management prior to retention
- 9) Difficulties encountered in performing the audit

IV. PROPOSAL INFORMATION REQUESTED

The following material is required for a proposing auditor to be considered:

A. GENERAL REQUIREMENTS

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the auditor seeking to undertake an independent audit of the City in conformity with the requirements of this RFP. The proposal should address all points outlined in the RFP including Section III Scope of Services. The proposal should demonstrate the qualifications of the auditor and of the particular staff to be assigned to this engagement. It should specify an audit approach that will meet the RFP requirements.

B. INDEPENDENCE

The Proposer shall provide an affirmative statement that is it independent of the City of Sedona as defined by generally accepted auditing standards. The Proposer shall list and describe any professional relationship involving the City for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

C. LICENSE TO PRACTICE IN ARIZONA

An affirmative statement should be included that the auditor and all assigned key professional staff are properly licensed to practice in Arizona.

D. QUALIFICATIONS AND EXPERIENCE

All Proposers must provide this information.

- 1) Provide a general overview and brief history of your organization.
- 2) Provide the address of the office location(s) that will service the City's account.
- 3) State the size of the auditor's firm and the office to be assigned to the audit and the size of the firm's and assigned office's governmental audit staff.
- 4) Provide the number and nature of the professional staff to be employed in this engagement.
- 5) Describe the experience of the auditor in providing professional audit services for municipal governmental entities.
- 6) The Proposer shall submit a copy of the report on its most recent external quality control review, with a statement of whether that quality control review included a review of a specific government engagement.
- 7) In addition, the Proposer shall provide information on the circumstances and status of any disciplinary action taken or pending investigations against the auditor during the past five (5) years with state regulatory bodies or professional organizations.
- 8) Has the Proposer been released from a contract with a governmental entity during the past five (5) years? If so, explain the circumstances.

E. PERSONNEL

All Proposers must provide this information.

- 1) Provide the name, title, address, phone number, fax number, and email address of the primary contact person(s) assigned to this account.
- 2) For each key person to be assigned to the audit, show the number of years of experience in municipal government auditing and the number of years with the auditor.
- 3) Indicate how the assigned personnel comply with Government Auditing Standards (Yellow Book) CPE requirements.

F. INSURANCE/BONDING

All Proposers must provide this information.

- 1) Describe the types of insurance and bonding carried.

G. PRICING AND ACCOUNT ANALYSIS

All Proposers must provide this information.

- 1) Provide a complete fixed fee schedule for all of the services described in the RFP using the format shown on Appendix A.
- 2) Is your firm willing to guarantee the proposed fees for the entire term of the contract (up to three (3) years)? If not, for how long are the fees guaranteed?
- 3) The percentage of clients that additional fees above the proposed amount are charged, and the average percentage of the cost increases to the proposed amount.

H. REFERENCES

All Proposers must provide this information.

Provide names, addresses, and phone numbers of at least five references (local governments and public agency references) who are currently using the services for which you are proposing. Select a mix of long-standing and recent customers. Describe the work performed, fiscal year audited, key personnel assigned, total audit hours, and the dates of the beginning and end of fieldwork and the dates final reports were delivered to the clients.

I. AUDIT APPROACH

The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed as set forth in Section III.C of this RFP.

J. PROPOSER GUARANTEES AND PROPOSER WARRANTIES

Executed copies of the Proposer Guarantees and Proposer Warranties attached to this RFP (Appendix B).

K. SAMPLE CONTRACT

All Proposers must provide this information.

Provide a sample of a proposed contract for your firm's services. At the sole option of City, the City's standard professional services agreement may be used.

V. EVALUATION AND AWARD CRITERIA

This RFP seeks firms to provide audit services to the City. Proposers meeting the mandatory criteria will have their proposals evaluated by qualifications and price. Mandatory elements include:

- The proposer shall be certified public accountants holding a valid certification in the State of Arizona.
- The proposer must meet the independence requirements and standards of the AICPA and the Government Auditing Standards.
- The proposer has no conflict of interest with regard to any other work performed by the auditor for the City.
- The proposer adheres to the instructions in this RFP on preparing and submitting the proposal.

Selection will be made from a short list of Proposers deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors listed below (not in priority order):

- Understanding of the needs and operation requirements of the City.
- The experience, resources, qualifications, and reliability of the auditor and individuals assigned to this account.
- Relevant experience managing similar account relationships with public institutions and agency clients.
- Scope of services offered.
- Compliance with the requirements of this RFP and quality of proposals. This includes completeness of response to the RFP.
- Proposed fees and compensation. (Although fees and compensation will be an important factor in the evaluation of proposals, the City is not required to choose the lowest bidder.)

APPENDIX A

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

DESCRIPTION	YEAR ENDED JUNE 30,		
	2021	2022	2023
City Audit	\$	\$	\$
Single Audit Act Report			
Annual Expenditure Limitation Report			
HURF Compliance Report			
Agreed-Upon Procedures Report for Court Review			
Required Documents for Debt Issuances/Official Statements			
TOTAL	\$	\$	\$

In addition, please include below an hourly fee quotation and hours proposed for all positions to be assigned to the audit:

POSITION	HOURS	HOURLY RATE
Partners		
Managers		
Supervisory Staff		
Professional Staff		
Clerical/Support Staff		
Travel Costs		
Other (Specify)		

APPENDIX B

PROPOSER GUARANTEES AND WARRANTIES

- A. Proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section III, Scope of Services.
- B. Proposer warrants its intent to be bound by its proposal and the terms of the RFP and that the information provided is true, accurate and complete.
- C. Proposer warrants that it is willing and able to comply with State of Arizona laws with respect to corporations.
- D. Proposer warrants that it shall procure and maintain the required minimum insurance coverage for the duration of the contract as set forth in Section II.N.
- E. Proposer warrants that it will not delegate or subcontract its responsibilities without the express prior written permission of the City of Sedona.
- F. Proposer warrants the following by indicating yes or no to the following questions:

YES NO

		1. Has the City or other governmental entity incurred costs as a result of contested change order(s) from the Proposer?
		2. Has the City or other governmental entities been involved in litigation relative to contract performance with the Proposer?
		3. Has the Proposer failed to meet bid specifications or time limits on other contracts?
		4. Has the Proposer had bidding errors or omissions in two or more bid submissions within a 24-month period?
		5. Has the Proposer been convicted of a criminal offense within a ten-year period of embezzlement, theft, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty?
		6. Has the Proposer been disbarred or otherwise discharged by another governmental entity?

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Firm FEI Number: _____

Firm's AZ CPA State License #: _____

Date: _____

Create Opportunities



March 29, 2021

**Proposal to provide professional
audit services to:**

City of Sedona

This proposal is effective for 90 days.

Prepared by:

CliftonLarsonAllen LLP

20 E. Thomas Road, Suite 2300

Phoenix, AZ 85012-3111

Main 602-266-2248 | Fax 602-266-2907

Sandra L. Cronstrom, CPA, Principal

sandy.cronstrom@CLAconnect.com

Direct 602-604-3610



CLAconnect.com

WEALTH ADVISORY

OUTSOURCING

**AUDIT, TAX, AND
CONSULTING**

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March 29, 2021

Cherie Wright, Director of Financial Services
City of Sedona
102 Roadrunner Drive
Sedona, AZ 86636

Dear Ms. Wright:

Thank you for inviting us to propose our services to you. We gladly welcome the opportunity to share our approach to helping the City of Sedona (the City) meet its need for professional services. The enclosed proposal responds to your request for professional services for financial and compliance audit services for the fiscal years ending June 30, 2021 to 2023 with the option to renew for two subsequent one-year terms.

We are confident that our extensive experience serving the City and similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, makes CLA a top qualified candidate to fulfill the scope of your engagement.

Why CLA?

The following differentiators are offered for the City's consideration:

- **Industry-specialized insight and resources.** As one of the nation's leading professional services firms, and one of the largest firms who specialize in state and local governments, CLA has the experience and resources to continue assisting the City with their audit needs. In addition to your experienced local engagement team, the City will have access to one of the country's largest and most knowledgeable pools of state and local government resources.
- **OMB Uniform Guidance (UG) experience.** CLA performs single audits for hundreds of organizations annually, **ranking top in the nation for the number of single audits performed by any CPA firm**. The single audit requires a specific set of skills in order to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services.
- **Strong methodology and responsive timeline.** In forming our overall audit approach, we have carefully reviewed the RFP, other information made available, and considered our past experience performing similar work for the City and other municipalities. In addition to our local government clients, we currently serve more than 3,700 governmental organizations nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. We have developed a work plan that takes into consideration your unique needs as a governmental entity in Arizona. The work plan also minimizes the disruption of your staff and operations and provides a blueprint for timely delivery of your required reports.
- **Communication and proactive leadership.** The City will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team stay abreast of key issues at the City and take an active role in addressing them.

- ***A focus on providing consistent, dependable service.*** We also differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients with specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the City will enjoy the service of members of our state and local government services team who understand the issues and environment critical to governmental entities.

Firm and irrevocable offer

This proposal is a firm and irrevocable offer for 90 days from the date of the proposal.

We are confident that our technical approach, insight, and resources will result in unmatched client service for the City. For ease of evaluation, the structure of our proposal precisely mirrors your RFP section titled, *IV. Proposal Information Requested*.

We are eager to continue working with you and welcome the chance to present our proposal to the City. If you have any questions about our offerings, please do not hesitate to contact me via the information noted below.

Sincerely,

CliftonLarsonAllen LLP



Sandra L. Cronstrom, CPA, Principal
sandy.cronstrom@CLAconnect.com
Direct 602-604-3610



A. General Requirements

The following technical proposal demonstrates our qualifications, competence, and capacity to serve you.

Scope of services

Understanding of the work to be performed

CLA shall furnish all labor, materials, transportation, and equipment necessary to audit the City's financial statements for the year ending June 30, 2021 and two subsequent fiscal years thereafter, with an option to extend the contract in one (1) year periods, not to exceed a total of two (2) additional fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

We will perform the following tasks as outlined in the request for proposals:

1. Perform an annual financial audit of the City's financial statements for the years ending June 30, 2021, 2022, and 2023 with renewal options for the years ending June 30, 2024, and 2025.
2. Perform an audit in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S General Accounting Office's *Government Auditing Standards*, issued by the Comptroller of the United States and the provisions of the U.S. Office of Management and Budget, *Audits of State, Local Governments and Non-Profit Organizations*, and prepare the Comprehensive Annual Financial Report for submission to the Auditor General and GFOA.
3. If necessary, perform an audit in accordance with the provisions of the U.S. Office of Management and Budget (OMB) 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and render the appropriate audit reports.
4. If necessary, issue a separate "management letter" addressed to the City Manager that includes recommendations for improvements in internal control, accounting procedures, and other significant observations that are considered to be nonreportable conditions.
5. Perform an examination of the City's Annual Expenditure Limitation Report in accordance with the State of Arizona Uniform Expenditure Reporting System requirements (UERS) mandated by A.R.S. §41-1279.07, with guidelines set forth by the Arizona Auditor General.
6. Perform an examination of the City's compliance with the use of the State of Arizona Highway Users Revenue Fund (HURF) expenditure requirements pursuant to A.R.S. §9-481.B.2.
7. Perform agreed-upon procedures, which the Arizona Supreme Court as specified, enumerated in the Guide for External Reviews by Auditors issued by the Arizona Supreme Court prepared in accordance with the American Institute of Certified Public Accountants, Codification of Professional Standards, AT Section 201, Statement on Standards for Attestation Engagements (SSAEs), Agreed-Upon Procedures Engagements.
8. If necessary, issue a "consent and citation of expertise" and any necessary "comfort letter".
9. Present results of the audit at an in-person or virtual City Council meeting.



B. Firm Independence

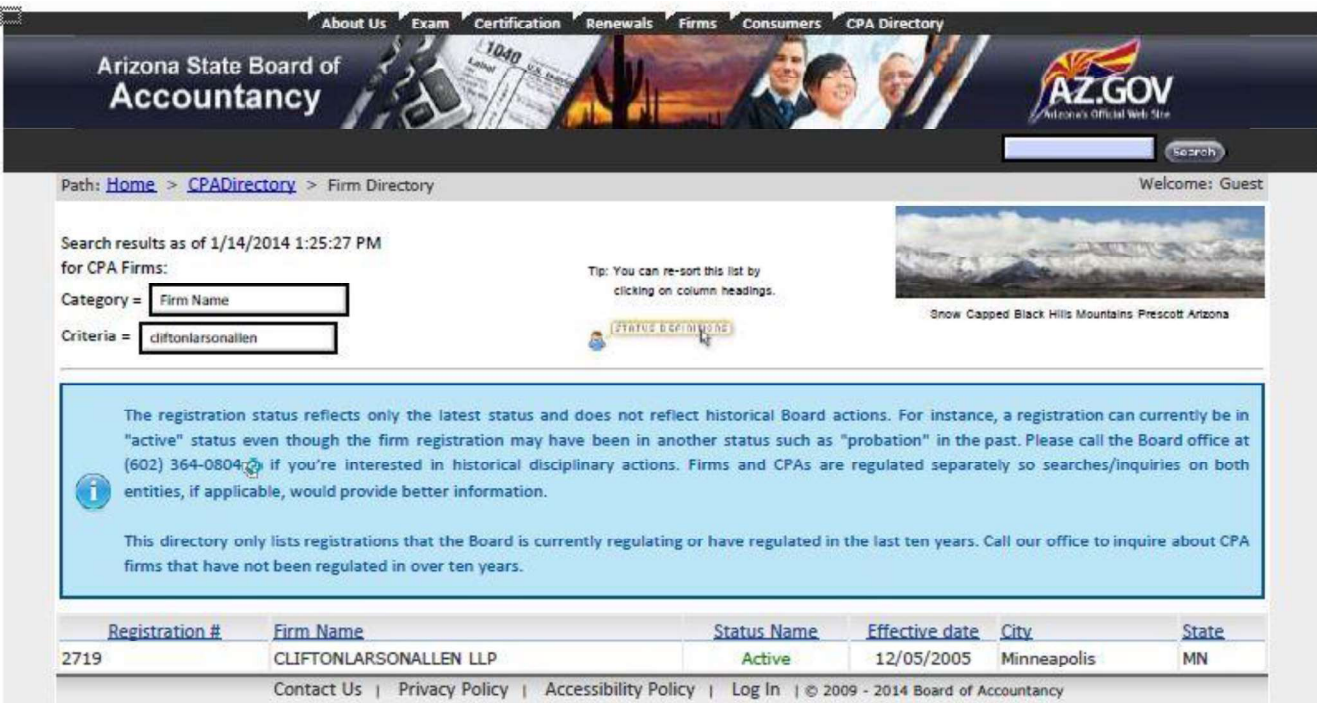
CLA is independent of the City under the American Institute of Certified Public Accountant's *Code of Professional Conduct* and its interpretations, the U.S. Government Accountability Office's *Government Auditing Standards, as required*. Our firm-wide quality control policies and procedures foster strict compliance with these professional standards. In addition, the individuals assigned to your engagement are independent of the City.

CLA was the independent auditor for the City for the years ending June 30, 2016 through 2020. This relationship does not constitute a conflict of interest relative to performing the proposed audit.

CLA will provide the City written notice of any professional relationships entered into during the period of the agreement.

C. License to Practice

CLA is a limited liability partnership and is duly licensed to practice public accountancy in the state of Arizona and other states. Additionally, your engagement team management members are also licensed to practice as Certified Public Accountants in Arizona.



The screenshot shows the Arizona State Board of Accountancy website. The navigation menu includes: About Us, Exam, Certification, Renewals, Firms, Consumers, CPA Directory. The page title is "Arizona State Board of Accountancy". The search path is: Home > CPADirectory > Firm Directory. The search results are for CPA Firms, with the search criteria set to "cliftonlarsonallen". The search results table shows one entry for CliftonLarsonAllen LLP, which is active and registered in Minnesota. A blue information box provides details about the registration status and the directory's scope.

Path: [Home](#) > [CPADirectory](#) > Firm Directory

Welcome: Guest

Search results as of 1/14/2014 1:25:27 PM for CPA Firms:

Category =

Criteria =

Tip: You can re-sort this list by clicking on column headings.

[STATUS BEHIND SCENE](#)

Snow Capped Black Hills Mountains Prescott Arizona

The registration status reflects only the latest status and does not reflect historical Board actions. For instance, a registration can currently be in "active" status even though the firm registration may have been in another status such as "probation" in the past. Please call the Board office at (602) 364-0804 if you're interested in historical disciplinary actions. Firms and CPAs are regulated separately so searches/inquiries on both entities, if applicable, would provide better information.

This directory only lists registrations that the Board is currently regulating or have regulated in the last ten years. Call our office to inquire about CPA firms that have not been regulated in over ten years.

Registration #	Firm Name	Status Name	Effective date	City	State
2719	CLIFTONLARSONALLEN LLP	Active	12/05/2005	Minneapolis	MN

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D.Firm Qualifications and Experience

1 Firm overview and history

Firm overview

CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, outsourcing, audit, tax, and consulting services. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 7,400 people, more than 120 U.S. locations, and a global affiliation, we bring a wide array of approaches to help clients in all markets, foreign and domestic.



With CLA by your side, you can find everything you need in one firm.

Firm history

Established on January 2, 2012, CLA (CliftonLarsonAllen LLP) continues the legacy of quality, service, and experience that Clifton Gunderson LLP and LarsonAllen LLP each has built for more than 60 years. The joint firm is unique in the industry due to its deep industry specialization, seamless integrated capabilities, primary focus on privately held businesses and their owners as well as governmental and nonprofit organizations, and career-building strategy. We continue to hold true to the values and culture that have made the individual practices successful in the past.

2 Office location assigned to manage the engagement

The City's engagement team will be comprised of professionals from our West region and will be working primarily out of our Phoenix, Arizona office, which have wide-ranging experience serving state and local government clients. The address of this office is:

Phoenix Office

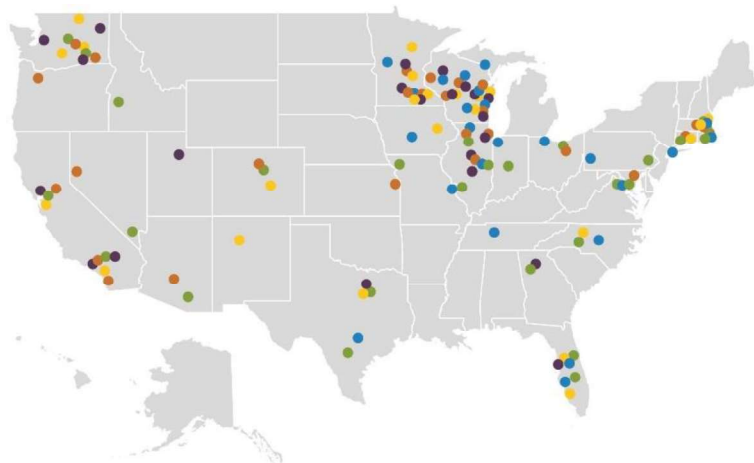
20 East Thomas Road
Suite 2300
Phoenix, AZ 85012



3 Size of firm and local office information

Size of the firm

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 7,400 people, more than 120 U.S. locations, and a global affiliation, we bring a wide array of solutions to help clients in all markets, foreign and domestic.



Local office

The audits of the City will be performed by industry professionals out of the Phoenix, Arizona office. CLA is a national professional services firm with locations all across the United States yet maintains that small firm feel. We will utilize audit professionals who have the local presence and knowledge of what is happening within the state of Arizona. We understand that the City is a unique entity with unique challenges, and we have put a team together that has those specific skills necessary to serve the City.

Size of the firm’s governmental staff





Number of Professionals by Level				
Level	Firm	Gov	AZ	Phoenix
Associate	1,387	104	41	29
Director	1,606	85	32	15
Intern	490	11	15	10
Manager	451	35	12	6
Paraprofessional	483	0	15	6
Principal	922	61	25	13
Senior	1,483	104	27	14
Signing Director	174	10	4	2
Support (Entry Prof)	401	30	0	0
Grand Total	7,397	440	171	95



Our national, industry, and local staffing model is adequately leveraged to provide quality service to the organizations we serve at a competitive fee. We support and encourage internal advancement of our professionals by encouraging our staff to select an industry focus. This means our staff, at all levels, bring a level of passion, knowledge and experience to their chosen industry that advances the clients we serve and in our opinion rivals that of our competitors.



4 Number and nature of staff

As outlined in our organizational chart, the audit will be staffed by Sandy Cronstrom who will serve full-time as the lead engagement principal, a quality review principal part-time, one manager/director, one senior/in-charge staff member and two staff members full-time. Full-time assignment means those resources will be dedicated to the City throughout the engagement and will have ultimate responsibility for fieldwork, reporting and communication with City management.

Professional Staff to be Employed on this Engagement	
Level	Full-Time or Part-Time*
Principal	
Manager/Director	
Senior/In-Charge	
Staff	

 Full-Time
 Part-Time

5 Governmental experience

Governmental experience

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities. Our strong reputation for serving state and local government units provides the City the confidence in their decision to select CLA as their professional service provider.

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 3,700 governmental clients nationwide. Regulated industry clients represent approximately one-quarter of all firm-wide revenue, and each of the government services team members are thoroughly versed in the issues critical to complex governmental entities.

Our professionals have deep, technical experience in serving governmental entities. As a professional service firm experienced in serving state and local units of government, we are very aware of the financial and legal compliance requirements that government officials are faced with daily. This creates complexities and service issues within a unique operational and regulatory environment. Because of our experience, we have become adept at providing our clients with insights in this environment not typical of other professional service firms.

The following pages list a sample of clients we have served or currently serve across the United States, in the West region, and locally here in Arizona:

Municipalities	States and Other Government Entities	Counties
City of Aurora, CO	Adams County Government, CO	Adams County Government, CO
City of Avondale, AZ	Aerotropolis Regional Transp. Authority, CO	Anne Arundel County, MD
City of Burbank, CA	Arizona Department of Transportation	Arapahoe County, CO
City of Colorado Springs, CO	Arizona State Retirement System	Arlington County, VA
City of Douglas, AZ	Arizona State Retirement Systems, AZ	Barron County, WI
City of Durango, CO	AZ Regional Public Transportation Authority	Bernalillo County, NM
City of Farmington, NM	Castlewood Water & Sanitation District, CO	Boulder County, CO
City of Flagstaff, AZ	Central Arizona Water Conservation District	City & County of Broomfield, CO



Municipalities	States and Other Government Entities	Counties
City of Fort Lupton, CO	Cherry Creek Basin Water Quality Auth., CO	City and County of Denver, CO
City of Gardena, CA	City of Phoenix - Public Transit Dept., AZ	Collier County, FL
City of Glendale, AZ	Colorado PERA, CO	County of Butte, CA
City of Hercules, CA	Denver Water, CO	County of Colusa, CA
City of Las Cruces, NM	Fitzsimons Redevelopment Authority, CO	County of Glenn, CA
City of Littleton, CO	Goldsmith Gulch Sanitation District, CO	County of Humboldt, CA
City of Longmont, CO	Housing Authority of Bellingham County, WA	County of Inyo, CA
City of Louisville, CO	Hunting Hill Metro District, CO	County of Kern, CA
City of Mesa, AZ	King County Water District, WA	County of Lake, CA
City of Nogales, AZ	Maricopa County Stadium District, AZ	County of Loudoun, VA
City of Pasadena, CA	Midway Sewer District, WA	County of Luzerne, PA
City of Peoria, AZ	Midway Sewer District, WA	County of Madera, CA
City of Phoenix, AZ	Navajo Agricultural Products Industry, NM	County of Mendocino, CA
City of Portola, CA	New Mexico Mortgage Finance Authority	County of Monterey, CA
City of Rio Rancho, NM	New Mexico Public Education Department	County of Nevada, CA
City of Santa Fe, NM	Northern Douglas Cty Water & Sanitation, CO	County of San Benito, CA
City of Sedona, AZ	Pima Cty Regional Wastewater Recl.	County of Shasta, CA
City of Tucson, AZ	Quinalt Indian Nation, WA	County of Siskiyou, CA
City of Wheat Ridge, CO	Quinalt Nation Enterprise Board, WA	County of Stanislaus, CA
Lake Havasu City, AZ	Ramah Navajo School Board, NM	County of Trinity, CA
City of Long Beach, CA	Rampart Range Metro District, CO	County of Yuba, CA
Town of Avon, CO	Reno Housing Authority, NV	Douglas County, MN
Town of Clifton, AZ	Seattle City Employees' Retirement Syst., WA	Graham County, AZ
Town of Erie, CO	Southwest Metro Stormway Authority, CO	Lee County, FL
Town of Hayden, CO	Spokane Tribe of Indians, WA	Maricopa County AZ
Town of Mammoth, AZ	State of New Mexico	Montgomery County MD
Town of Paradise Valley, AZ	State of Texas	Montgomery County, MD
Town of Platteville, CO	State Water Resources Control Board, CA	Montrose County, CO
Town of Queen Creek, AZ	Town Center Metro District, CO	New Castle County, DE
Town of Sahuarita, AZ	Tucson Unified School District, AZ	Pima County, AZ
Town of Superior, CO	Valley Metro Rail, Inc., AZ	Pinal County, AZ
Town of Wickenburg, AZ	Washing State Dept of Retirement Syst., WA	Polk County, FL



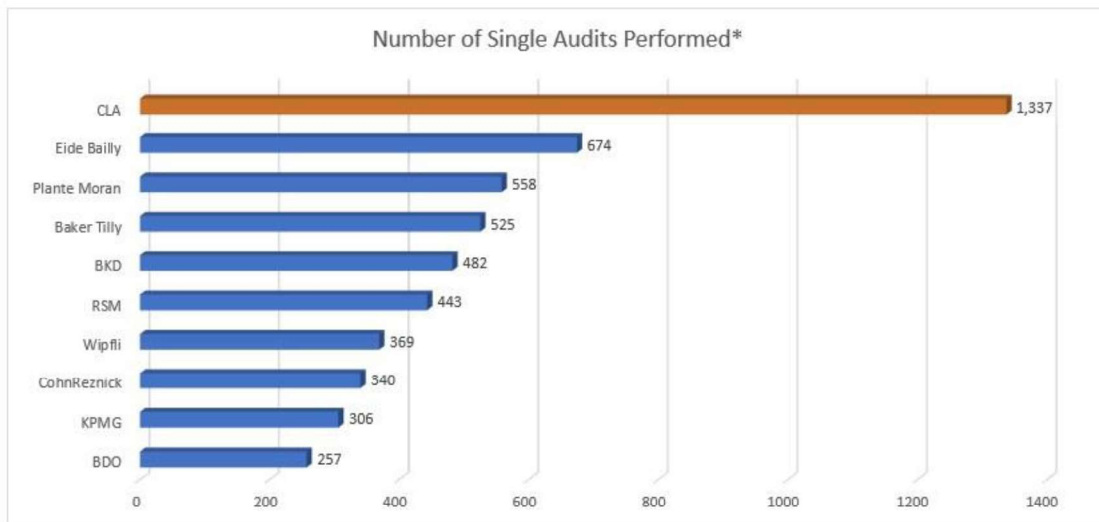
Municipalities	States and Other Government Entities	Counties
Town of Youngtown, AZ	Yakama Land Enterprise, WA	Santa Fe County, NM

We pride ourselves on taking the initiative to meet each and every need of our clients, and therefore are always prepared to take on additional projects. However, independence is our first concern when providing additional services. Independence can easily become impaired when providing consulting services; therefore, we do not provide any services to our audit clients beyond those allowed.

If additional work is requested by the City outside of the scope of the audit, we will discuss with you our proposed fee for additional services prior to beginning the new services.

Single audit experience

Our client portfolio of nonprofit, government, and health care institutions represents nearly half of the firm’s total revenues. The chart below illustrates CLA’s experience in serving organizations that receive federal funds and demonstrates our firm’s dedication to serving the government and nonprofit industries. **CLA performs the largest number of single audits in the United States!** We audited more than **\$56 billion dollars in federal funds in 2019.**



*The information for the firms above was pulled from the Federal Audit Clearinghouse for audits with fiscal year ends between January 1, 2019 – December 31, 2019.

In the current environment of increased oversight, it is more important than ever to find qualified auditors who have significant experience with federal grants specific to the City and can enhance the quality of the City’s single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB’s UG and who will offer both knowledge and quality for the City. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

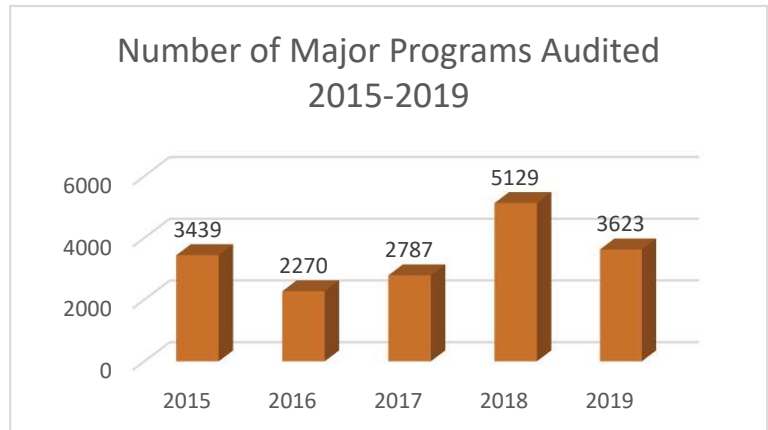
The AICPA clarified auditing standard, AU-C 935 “Compliance Audits” requires risk-based concepts to be used in all compliance audits including those performed in accordance with OMB UG. Our risk-based approach incorporates this guidance.



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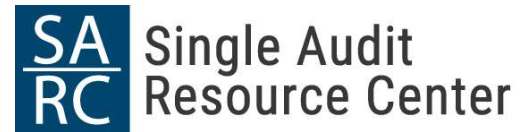
Over the past five years, CLA has consistently audited between 2,200 to more than 5,000 major programs annually, which include programs or programs similar to those received by the City of Sedona.



The decrease programs audited for 2016 is related to the new Uniform Guidance standards that resulted in less programs being tested for our clients.

Single Audit Resource Center (SARC) Award

CLA received the [Single Audit Resource Center \(SARC\) Award](#) for *Excellence in Knowledge, Value, and Overall Client Satisfaction*. SARC's award recognizes audit firms that provide an outstanding service to After their clients based on feedback received from an independent survey.



The survey queried 7,029 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2019 fiscal year-end audit. The SARC award demonstrates CLA’s dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.

The City needs an audit firm experienced in performing single audits and a familiarity with the specific programs in which you are involved. You will continue to benefit from CLA’s experience in this area!



6 Quality control and peer review report

In the most recent peer review report, we received a rating of *pass*, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided in **Appendix B** of this proposal.

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the *Uniform Guidance*.

Federal or state desk or field reviews

CLA has been subject to several federal and state desk reviews by state oversight agencies during the past three years, and we have resolved all findings. In addition, our government audits are subject to review by each agency's Office of Inspector General, as well as the U.S. Government Accountability Office, and we have also resolved all findings identified in those reviews.

As a matter of policy, CLA does not disclose information regarding former clients as it may violate the confidentiality terms of the lost clients at issue, especially if the reason for their departure is governed by a Non-Disclosure Agreement, Confidentiality Agreement, or confidentiality terms/provisions found in the engagement terms.

7 Complaints against team members

From time to time, individuals in the firm are parties to an inquiry from a regulatory or ethics body. In all cases the individual, with the firm's backing, shall cooperate in providing the information required to respond appropriately to the inquiry.



The firm and professionals within the firm presently do not have any regulatory or ethics inquiries outside the normal course of our practice.

8 Lost Contracts with governmental entities

From time to time, clients will leave CLA to engage another CPA firm for audit services. It is not our practice to publicly identify the clients we are engaged to serve, including discussing specific reasons organizations chose to leave our firm. In general terms, any clients who decided to engage a new public accounting firm have done so for the following reasons:

- Organization was acquired by or sold to a larger organization and audits were no longer necessary or larger organization had a different audit firm.
- Long-term clients attempting to comply with interpretations of the Sarbanes-Oxley Act and impression they should change auditors.
- Transition at the CEO or CFO position where a decision was made to engage a firm, they had previously established relationships with at their prior positions.

As part of this, it is important to note none of the client transitions described above was the result of unresolved auditing or accounting matters or due to poor client service.

E. Personnel

1 Primary contact person

Sandra L. Cronstrom, CPA, Principal
 20 East Thomas Road, Suite 2300
 Phoenix, AZ 85012
 Direct: 602-604-3610 | Fax: 602-266-2907
 Email: sandy.cronstrom@CLAconnect.com

2 Engagement team experience

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement.

Engagement Team Member	Role	Years' Experience in government auditing	Years' Experience with CLA
Sandy Cronstrom, CPA	Engagement Principal	37+	11+
Anita Supinski, CPA	Quality Review and Resource Principal	32+	32+
Richard Gillespie, CPA, CFE, CGFM	Director	9+	5+
Mitchell P. Hagenson	Associate/In-Charge	3+	3+

Detailed biographies with detailed CPE are available in **Appendix A** of this proposal.



Roles and Responsibilities

Engagement Principal – The engagement principal is responsible for overseeing the engagement planning, staffing and execution efforts as it relates to all audits (the City and its component units) and providing services to our clients. Planning and staffing will include coordinating efforts between CLA staff and the City to provide the most efficient approach to the City. The engagement principal will respond promptly to all requested services and will make you aware of all available services. A final review of working papers and all reports to be issued will be completed by the engagement principal who will be available to attend all requested entrance, progress, and exit meetings. The engagement principal will serve as the liaison between the City and CLA.

Quality Review and Resource Principal – The quality review and resource principal is responsible for completing an independent review of all reports prior to issuance and to review workpapers on a risk-based approach. The quality review and resource principal will also serve as a resource to the engagement team and the City during the engagement and throughout the year.

Engagement Director – The director assigned to the engagement will be responsible for planning the audit engagement, supervising, and assisting staff in the field, be on-site for a majority of the engagement, direct the planning and execution efforts of the audit, assist City personnel with technical issues as they arise, review draft reports and staff working papers, and attend all requested entrance, exit and progress conferences. The listed engagement director will have primary responsibility for communicating directly with City management and reviewing our audit progress against our proposed schedule. We may assign additional directors or managers to assist in planning and execution of the audit; however, the listed director will be the main points of contact with the City.

Associates/In-Charge – The staff assigned to the engagement will be determined following our initial planning meeting with the City. Key considerations in our staffing decision will be the City’s timeline, complexity and CLA’s commitment to building our local experience and presence. Based on our initial understanding of the City, we anticipate staffing the engagement with staff members that have municipality experience. This will help to alleviate the learning curve that staff members lacking municipality experience might face.

3 Engagement team continuing education

GAS requirements – 80 hours every two years

Professional	Total CPE by Year		Two-Year Totals
	2020	2019	
Sandra L. Cronstrom, CPA	43.8	41.3	85.1
Anita Supinski	60.9	101.8	162.7
Richard Gillespie, CPA, CFE, CGFM	53.9	62.6	116.5
Mitchell P. Hagenon	44.8	48.9	93.7

In order to maintain and expand our assurance knowledge, we consistently provide continuing education for our professionals. Each member of our professional team, including principals, attends at least 40 hours of technical training annually.

Updated information on recent changes in technical standards and regulations, as well as the firm’s professional policies and procedures, is distributed to our team members on a regular basis. Individuals are required to familiarize themselves with all current changes in standards and procedures.

CLA invests in our government practice by hiring high caliber professionals and providing additional training to develop and enhance our knowledge. With seasoned professionals, we provide valuable insight into your day-to-day operations and your accounting systems and controls.



As described below, CLA professionals are specifically trained in the industry at a level beyond our competitors.

Our professionals focus on serving a specific industry. So, the team chosen to serve you is continuously exposed to and trained on issues impacting large governmental entities while performing their day-to-day work.

On-the-Job Training



When providing instruction in our basic CPA, consulting, and advisory classes, we tailor the entire discussion, examples, and exercises to apply to clients in their specific industry focus.

Tailored Training



Our on-campus recruiting aggressively seeks individuals with industry focused degrees and/or backgrounds. We focus on identifying top candidates for our government clients.

Specialized Recruiting



Effective Continuing Professional Education. Our greatest strength is the talent of our staff. Our professionals provide more efficient and effective services due to the new ideas they implement from our in-depth training and continuing professional education.

Examples of CLA’s firm-wide training programs, include:

- **Learn.** Designed for new CLA associates, this five-day conference is typically attended in the first year of employment. This internally developed and presented training focuses on preparing new hires and interns to understand and perform their role in the audit process. Providing a combination of an introduction to CLA Strategy, business risk and independence with audit theory. Using hands on exercises and simulations to introduce our audit methodology, tools, and software. Specific audit areas covered include audit planning, cash, fixed assets, accounts payable and financial statement preparation.
- **Experience.** Designed for the CLA associate with about one year of experience. This four-day conference is typically attended in the second year of employment. This training is similar to the “Learn” training outlined above, but at a deeper level.
- **Achieve.** Designed for the CLA associate with about two years of experience. This four-day conference is typically attended in the third year of employment. This internally developed and presented training focuses on leadership and performance management of audit engagements utilizing CLA audit methodology from the perspective of the experienced in-charge. This is a highly interactive session covering the experienced in-charge’s role and challenges in the audit process and prepares participants to manage and perform efficient and effective audits.
- **Propel.** Designed for the CLA associate with about three years of experience. This four-day conference is typically attended in the fourth year of employment. This training focuses on project management of audit engagements from start to finish and includes exercises and case studies on improving the audit, supervision, analytical procedures, and tests of controls and identifying and responding to fraud risks. This session is taught by an external instructor from 20/20 Services.



F. Insurance Information/Verification

CLA carries commercially reasonable amounts of general liability and malpractice (aka professional liability) insurance. If requested, the firm will provide a certificate of coverage for an amount specified by the City upon being engaged.



G. Pricing and Account Analysis

APPENDIX A

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

DESCRIPTION	YEAR ENDED JUNE 30,		
	2021	2022	2023
City Audit	\$33,800	\$34,800	\$35,800
Single Audit Act Report	4,000	4,000	4,000
Annual Expenditure Limitation Report	1,000	1,000	1,000
HURF Compliance Report	750	750	750
Agreed-Upon Procedures Report for Court Review	0	4,335	0
Required Documents for Debt Issuances	0	0	0
TOTAL	\$39,550	\$44,885	\$41,550

In addition, please include below an hourly fee quotation and hours proposed for all positions to be assigned to the audit:

POSITION	HOURS	HOURLY RATE
Principal	50	180
Director	60	155
Senior	0	120
Staff	210	100
Admin	5	50



CLA is willing to guarantee the proposed fees above for the three-year contract period.

The price for each subsequent option year will be increased for inflation at no more than 3%.

CLA strives to bill clients only amounts that were included in the original proposals. In rare instances, less than 10% of clients, it has been necessary to include additional fees due to changes in scope of the work to be performed. These additional fees have ranged from 5-15% of the original proposed amounts.

Out-of-pocket expenses

We will not charge the City for any out-of-pocket expenses for travel.

Rates for additional professional services

As your auditors, we do not charge additional fees to be available to take phone calls and answer audit, accounting, and compliance questions year-round. We offer quarterly CPE trainings to all governmental agencies in the community at no charge. We do not charge fees to prepare the GFOA applications and submit the reports to GFOA. We will, however, pass through any application fees charged by GFOA.

For special services or projects that are outside the scope of the audit, such as assisting in updating capital asset schedules, providing training for personnel, or other consulting projects, our services would be provided at the hourly rates indicated below. For other services that our firm offers such as IT security testing, planning or preparation, or other services those fees would be negotiated independently with the City based on the scope and size of the project. The following is an hourly rate per employee type for additional services provided at the City’s request. Rates may vary within the following ranges based on the complexity of services requested:

Principal	Manager/ Director	Senior	Staff
\$175 - \$250	\$145 - \$185	\$115 - \$150	\$90 - \$125

Invoices and payment terms

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm’s pricing section of the proposal. Billings will be submitted monthly as work progresses based on the percentage of completion. The final billing will cover the auditor’s drafting and preparation of all final reports, schedules, and financial statements requested by this RFP. A period of at least 30 days should lapse between billing.



H. References

CLA offers its clients the best of two worlds — a firm with national state and local government experience, complemented by a local team dedicated to accessibility and responsiveness. We are pleased to provide you with the following references, who can describe their experience in greater detail.

Our Arizona offices have more than 30 years of experience auditing governmental entities, this, along with the firm’s 60 years of experience in the public sector provides the City with some of the top experience in the state. We joined the **Government Audit Quality Center of the AICPA in 2004** when it was originally formed and continue to be active members to this day. Our commitment is to deliver the knowledge and capabilities of a leading professional services firm at a competitive value.

In Arizona, a sampling of our Arizona cities and towns clients (including political subdivisions) include:

Organization Name	Lake Havasu City, Arizona
Location	2330 McCulloch Boulevard N., Lake Havasu City, AZ 86403
Contact Name and Title	Trinna Ware, Division Manager - Finance
Phone/Email	928-854-0735 waret@lhcaz.gov
Services	Financial Audit (CAFR), Single Audit, Annual Expenditure Limitation Report, and HURF Examination
Fiscal Year Audited	June 30, 2016 through 2020
Key Personnel Assigned	Sandy Cronstrom and Richard Gillespie
Total Audit Hours	450 hours
Beginning and Ending Fieldwork	Preliminary work performed in May/June 2020. Final work performed in January/February 2021 (ERP implementation)
Delivery of Final Reports	March 2021

Organization Name	City of Glendale, Arizona
Location	5850 West Glendale Avenue, Glendale, AZ 85301
Contact Name and Title	Lisette Camacho, Asst Director Budget and Finance Department
Phone/Email	623-930-2492 lcamacho1@glendaleaz.com
Services	Audit of City CAFR, single audit, Annual Expenditure Limitation, HURF Compliance, Landfill Agreed-Upon Procedures, HUD REAC submission, 990 Tax return.
Fiscal Year Audited	June 30, 2012 through 2020
Key Personnel Assigned	Richard Gillespie
Total Audit Hours	800 hours
Beginning and Ending Fieldwork	Preliminary work performed in May/June 2020. Final work performed in November 2020
Delivery of Final Reports	December 2020



Organization Name	Arizona Department of Transportation
Location	800 W. Washington, 6th Floor, Phoenix, AZ 85007
Contact Name and Title	Anita Kleinman, Deputy Controller
Phone/Email	602-712-7204 akleinman@azdot.gov
Services	CAFR for ADOT, RARF and HELP, Single Audit
Fiscal Year Audited	June 30, 2014 through 2020
Key Personnel Assigned	Sandy Cronstrom, Richard Gillespie
Total Audit Hours	1,000 hours
Beginning and Ending Fieldwork	Beginning and Ending Fieldwork; Preliminary work performed in May/June 2020. Final work performed in November/December 2020
Delivery of Final Reports	January 2021

Organization Name	City of Mesa, Arizona
Location	P.O. Box 1466, Mesa, Arizona 85211
Contact Name and Title:	Irma Ashworth, Finance Director
Phone/Email	480-644-2605 irma.ashworth@mesaaz.org
Services	Financial Audit (CAFR), Single Audit, Annual Expenditure Limitation Report, Eastmark CFD Audit, HURF Examination, and REAC AUP
Fiscal Year Audited	June 30, 2006 through 2020
Key Personnel Assigned	Sandy Cronstrom and Richard Gillespie
Total Audit Hours	1,000 hours
Beginning and Ending Fieldwork	Preliminary work performed in May/June 2020. Final work performed in November 2020
Delivery of Final Reports:	December 2020

Organization Name	Town of Queen Creek, Arizona
Location	22358 S Ellsworth Road, Queen Creek, AZ 85142
Contact Name and Title	Scott McCarty, Chief Financial Officer
Phone/Email	380-358-3000 scott.mccarty@queencrek.org
Services	Financial Audit (CAFR), Single Audit, Annual Expenditure Limitation Report, and HURF Examination
Fiscal Year Audited	June 30, 2012 through 2020
Key Personnel Assigned	Sandy Cronstrom
Total Audit Hours	500 hours
Beginning and Ending Fieldwork	Preliminary work performed in June 2020. Final Work performed in September/October 2020
Delivery of Final Reports	December 2020



I. Audit Approach

Financial statement audit approach

CLA is one of a few firms that have developed its own proprietary audit program. Many firms use canned, off-the-shelf audit programs, which limits their flexibility in determining what procedures they can and cannot perform because they must follow the audit methodology they have purchased. Our audit teams are able to customize our audit programs to address the specific risks and unique characteristics of your operation. We do not perform the exact same procedures for every client. In addition, our audit programs are interactive, providing guidance to the staff while they are performing the audit procedures.

Our audit approach for year one and subsequent years will have certain consistent elements. However, we expect that the subsequent years will result in fewer audit hours based on the efficiencies gained as we become more familiar with your operations. Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that a good audit yields substantial information for management and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. An effective audit performed by our team will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

Benefits of CLA's Risk-Based Approach

Our audit services are designed to protect the interests of the members, governance, and management by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the overall plan is developed. Our risk assessment process involves consideration of the following types of risk:

- **Inherent risk** – that an error in the accounting and reporting process may occur
- **Control risk** – that internal control systems designed to prevent/detect errors may fail
- **Audit detection risk** – the risk that audit procedures may fail to detect errors

Commitment to Communication with Management

As you will see, we are committed to ongoing communication throughout the engagement. Continual communication starts when an engagement letter is issued, continues until the completion or closeout of an engagement and throughout the remainder of the year. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

During the engagement we will hold regular status meetings with the City to enhance day-to-day operations, results, and address any issues or concerns. The objectives of tracking and formally reporting the engagement status are to:

- Provide a consistent technique for monitoring progress against plan
- Identify any issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of any audit recommendations on a timely basis



Our proactive measures foster communications, both written and oral, which are ongoing, relevant, and routine to our engagements. Our commitment to this practice encourages open lines of communication and often prevents and/or mitigates service delivery issues. Our professionals are trained in documenting observations, recommendations, business issues, and new developments as part of their daily routine.

We will conduct our financial statement audit in four primary phases, as shown below:



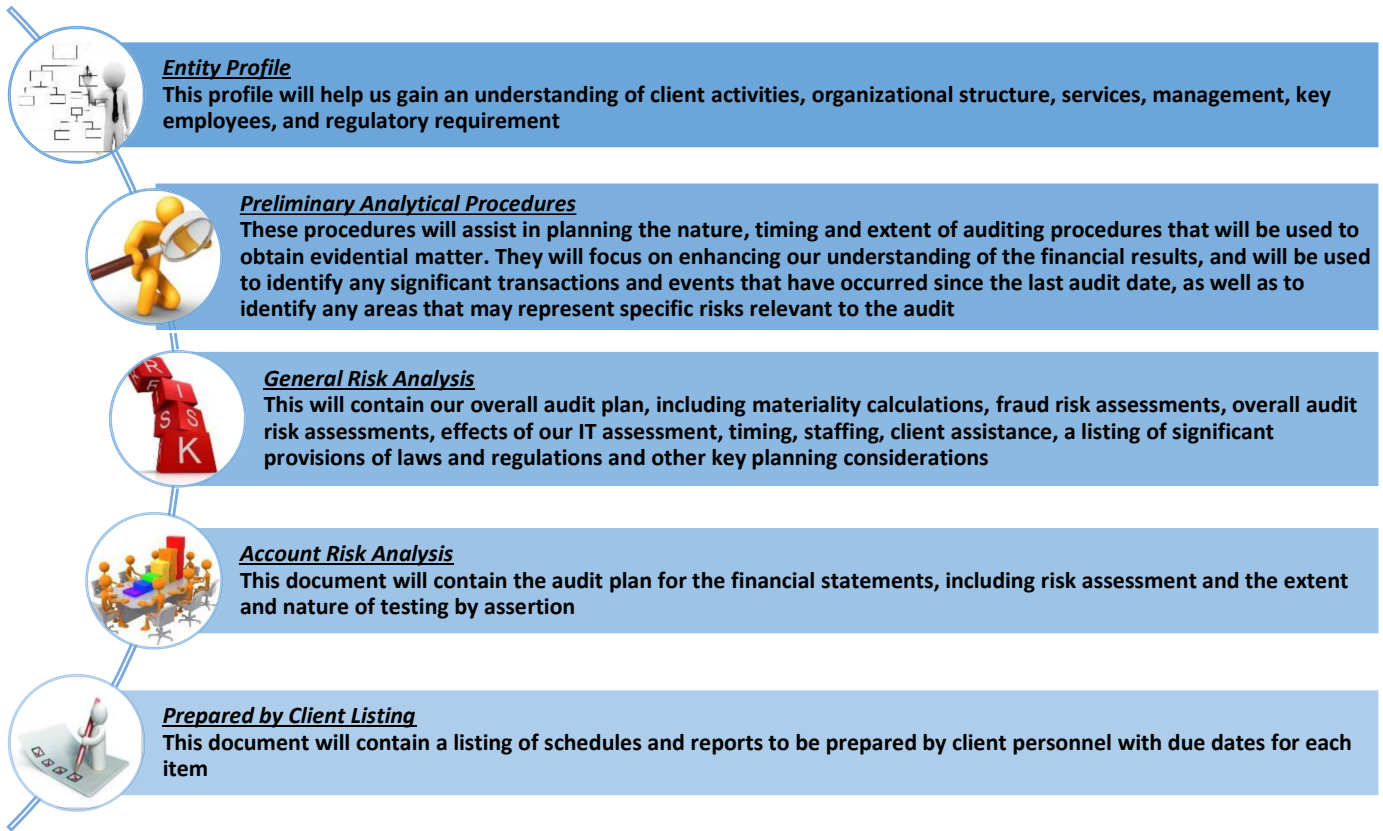
Methodology. *Our audit is performed based on a risk-based approach. We conduct our audits under the concept of “understanding the entity.” This concept is based fundamentally on the fact that the City is unique. By understanding the City, we gain the necessary perspective for performing an effective audit. Our audit approach places particular emphasis on the planning phase to provide maximum efficiency and effectiveness.*



The main objective of the planning phase is to identify significant areas and design efficient audit procedures. We will accomplish our planning by following the methodology below:

- Conduct an entrance meeting with management – Sandy Cronstrom and the team will meet with City personnel to mutually agree on an outline of responsibilities and timeframes. The agenda will include but not be limited to the following:
 - Establish audit approach and timing schedule,
 - Assistance to be provided by City personnel,
 - Application of generally accepted accounting principles,
 - Initial audit concerns,
 - Concerns of the City’s management,
 - Establishment of report parameters and timetables,
 - Progress reporting process, and
 - Establish principal contacts.
- Obtain our understanding of the operations of the City, including its organization, management style and internal and external factors influencing the operating environment. We will utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations.
- Determine the likelihood of effective Information Systems (IS) - related controls.
- Perform a preliminary overall risk assessment.
- Determine protocol for requesting information and meeting with City staff.
- Establish a timetable for the fieldwork segment of the audit.
- Determine a protocol for using Interactive Data Extraction and Analysis (IDEA), our data extraction and analysis software, to facilitate timely receipt and analysis of reports.
- Provide an initial list of items to be prepared by management and mutually agree on deadlines.

We will document our planning through preparation of the following:



One of the key elements in the planning the audit engagement will be the heavy involvement of principals and directors/managers. We will clearly communicate any issues in a timely manner and will be in constant contact with management as to what we are finding and where we expect it will lead.

We will develop our audit programs during this phase. This includes each major section of the audit based on our planning and risks identified. We will hold an entrance conference and discuss the audit timetable and will communicate regularly with management prior to the start of each audit.

Phase 2 - Systems Evaluation

During the systems evaluation phase, we will read policies and procedures, interview management and staff in key audit areas, and perform observations to obtain an understanding of the design. Next, we will identify control objectives for each type of control and control design that is material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing and extent of our control testing and perform tests of controls to determine the effectiveness of the designed controls.

This phase of the audit will include testing of controls:

- Over electronic data, including general and application controls reviews and various user controls
- Over financial reporting and compliance with laws and regulations

We will test controls over each critical audit area. One of our audit efficiency initiatives is to rely heavily on internal controls when appropriate and to creatively look at internal control testing to make it as efficient as possible. This means not routinely performing detailed tests of transactions using large samples. We first seek to identify key controls, and then identify possible testing through alternative methods, such as observation, interviews, and re-performance. These tests serve not only to gather evidence about the existence and effectiveness of internal controls for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

We will also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts, and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the City has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated prepared by client list based on our test results and our anticipated substantive testing.

In addition, during the internal control phase, we will perform a review of general and application Information Systems (IS) controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of the City's operations by reviewing its current controls and control objectives as documented

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then proceed to assess the significant computer-related controls.

For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

Phase 3 - Testing and Analysis



The extent of our substantive testing will be based on results of our internal control tests. It has been our experience with municipalities and other governmental entities that a system of internal control that, with appropriately designed tests and correlation to account balances, can be used to limit the extent of account balance substantiation testing.

Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we will consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified, 100 percent of the population will be examined. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

After identifying individually significant or unusual items, we will decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include:

- (1) Testing a sample of the remaining balance,
- (2) Lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance, or
- (3) Applying analytical procedures to the remaining balance.

When we elect to sample balances, we will use TeamMate to efficiently control and select our samples.

Our work papers during this phase will clearly document our work as outlined in our audit programs. We will also provide the City status reports during the course of the audit fieldwork. As in all phases of the audit, we will be in communication with the City to identify and resolve all issues in a timely manner. We will also hold a final exit conference with the City to summarize the results of our fieldwork and review significant findings.

Testing and analysis will be focused on material (both quantitative and qualitative) account balances. We expect to confirm significant cash and investments, test capital asset additions, significant deletions, construction in progress, depreciation expense, joint ventures, confirm and/or analytically test accounts receivable balances, inventory and prepaids, perform a search for unrecorded liabilities, test accounts payable, accrued payroll and related benefits, compensated absences, confirm long-term debt, test pension and OPEB liabilities, deferred inflows and outflows of resources and perform additional procedures on other material or significant balance sheet accounts. Our procedures will also include confirmations, detailed test of transactions, data analytics and other procedures related to significant revenues, expenditures/expenses, transfers, and other financing sources and uses.

Phase 4 - Reporting and Follow-Up

The City will be provided a draft of any comments that we propose to include in the management letter, enabling you to review the comments for accuracy prior to final release. Any items that come to our attention that are not what we consider major items may be discussed verbally with management and not included in the management letter. Our management letter will include items noted during our analysis of your operations.

Once the final reviews of working papers and financial statements are completed – a process that actually starts while the fieldwork is in process – our opinion, the financial statements, and management letter will be issued.

Reports to management will include oral and/or written reports regarding:

- 1) Independent Auditor's Reports for the City – reports on the fair presentation of the financial statements in conformity with generally accepted accounting principles, based upon audits of the Basic Financial Statements of the City. The other supplementary information listed in the Table of Contents in the City's CAFR, including combining schedules and additional budgetary comparison schedules, are not a required part of the basic financial statements. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and schedules. The information presented shall be based on the auditing procedures applied during the audits of these basic financial statements.



- 2) Management and SAS 114 Letters, which includes findings, statements, observations, opinions, comments, or recommendations, related to:
 - a) Systems of internal control based upon the auditors' understanding of the control structure and assessment of control risk
 - b) Compliance with applicable laws and regulations
 - c) Accounting systems, functions, procedures, and processes, especially with regard to cost effectiveness
- 3) Management and SAS 114 letters will be prepared as follows:

CLA shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls. The reports on compliance shall include all instances of noncompliance.

CLA will make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

 - City Manager
 - Director of Financial Services
 - City Attorney

CLA will inform the City of each of the following:

 - a) The auditor's responsibility under generally accepted auditing standards
 - b) Significant accounting policies
 - c) Management judgments and accounting estimates
 - d) Significant audit adjustments
 - e) Other information in documents containing audited financial statements
 - f) Disagreements with management
 - g) Management consultation with other accountants
 - h) Major issues discussed with management prior to retention
 - i) Difficulties encountered in performing the audit
 - 4) Single Audit Report of Federal Financial Assistance (if necessary).
 - 5) Annual Expenditure Limitation Report to the Arizona Auditor General.
 - 6) Report on HURF Expenditures.
 - 7) Municipal Court Agreed-Upon Procedures (June 30, 2022 and 2025)

CLA will provide the City the required number of reports as specified in the request for proposals.

We will also make a formal presentation of the results of the audit to the City council and/or audit committee.



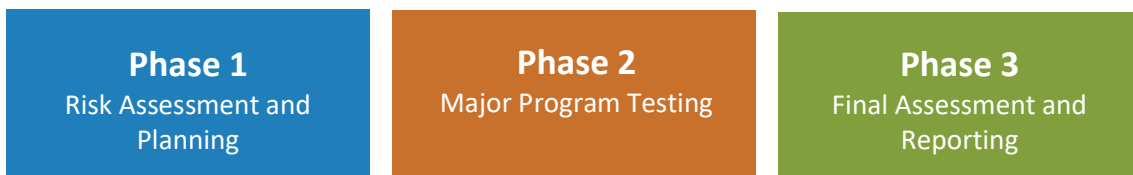
Single audit approach (if necessary)

In the current environment of increased oversight, it is more important than ever to find qualified auditors who have significant experience with federal grants specific to the City and can enhance the quality of the City's single audit. Therefore, the single audit will be performed by a team of individuals who specialize in single audits in accordance with *OMB's Uniform Guidance* and who will offer both knowledge and quality for the City. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

The OMB's Uniform Guidance (2 CFR Part 200) is effective for federal grants made on or after December 26, 2014. This affects how federal grants are managed and audited and impacts every organization that receives federal assistance. Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source, so it is important that they understand what these changes mean to their organization. As a leader in the industry, CLA was out in front of these changes and informed our clients of how to be proactive about these changes could impact their entity. CLA professionals are available to provide guidance and tools tailored to the City's needs, and to assist in compliance with the new rules.

The AICPA clarified auditing standard, AU-C 801 "Compliance Audits" requires risk-based concepts to be used in all compliance audits including those performed in accordance with 2 CFR Part 200. Our risk-based approach incorporates this guidance.

We will conduct our single audit in three primary phases, as shown, below:



Phase 1: Risk Assessment and Planning

The risk assessment and planning phase will encompass the overall planning stage of the single audit engagement. During this phase, we will work closely with the City's management to determine that programs and

all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the Uniform Guidance (UG)
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two single audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs
- Determine the major programs to be tested for the current fiscal year based on the previous steps
- Based on our determination of the major programs, we will obtain the current year compliance supplement to aid in the determination of Direct and Material Compliance requirements, and customize the audit program accordingly
- Determine the preferred methods of communication during the audit



Phase 2: Major Program Testing

We will determine the programs to be audited based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with UG.

To accomplish this, we will perform the following:

- Schedule an introductory meeting and notify the City's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise
- Conduct entrance and exit conference meetings with each grant manager

Phase 3: Final Assessment and Reporting

We will re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we will perform the following:

- Identify Type A and significant Type B programs which were not previously identified
- Re-assess the risk and determine if we are required to audit additional programs
- Perform compliance testing at the entity wide level related to procurement and cash management requirements
- Perform testing to validate the status of prior year findings for those programs not selected for audit
- Prepare the Schedule of Findings and Questioned Costs
- Conduct exit conference with the City's management to review drafts of required reports.

Throughout the single audit, we will maintain communication through periodic progress meetings with those designated by the City. These meetings will be on a set schedule, but as frequently as the City determines. During these meetings, we will discuss progress impediments and findings as they arise.

Workpaper retention

Workpapers will be maintained for at least a seven-year period and will be available for examination by authorized representatives of the City and by authorized representatives of regulatory personnel, subject to professional ethics requirements. Significant records are stored in one of our secure Master Record Repositories per the engagement type. Upon the receipt of a request for retrieval, an appropriate review format will be determined based on the scope of the examination.

Remote audit procedures

Over the last year, we have experienced significant disruption in the work environment and how we do our work due the COVID-19 pandemic. At CLA, we have experienced a significant uptick in requests for remote audits from our clients, more social distancing, and fewer personnel on-site. CLA was well prepared for such situations as we had previously been preparing for more efficient audit approaches that provide more impact to our clients when on-site. While on-site work and personal connections are important to building a future together with our clients, we also recognized the need for efficiencies to allow us to focus on what is important when on-site with clients.



We have leveraged technology to provide those impacts to our clients and provide what has been requested (more remote work and fewer staff on-site). While not every client seeks those solutions, we have the technology and the capabilities to perform an audit that addresses those needs, as established over this last season. Through our secure client portals, we've made audit requests easier and allowed our teams to perform the essential, yet less impactful tasks remotely and be on-site to only to have the truly impactful conversations.

1 Segmentation of the audit

Below is the listing of the timing and segmentation for the audit process:

Our delivery of services includes the development of a work plan which will consist of:	
Upon Contract Award	<ul style="list-style-type: none"> We will complete our client acceptance procedures. We will prepare an engagement letter for board and management approval.
Entrance Conference and Planning (May)	<ul style="list-style-type: none"> A planning meeting with the City's management and staff. The purpose of this meeting is to establish liaisons between CLA and the City, develop an understanding of the exact audit timelines and expectations, complete our required SAS 99 communication, and discuss audit risks. Following our planning meeting we will provide a client assistance letter specifying the items that the City's management will need to prepare or make available for our audit team, thus maximizing the efficiency of our services and ultimately minimizing the cost. The client assistance letter will include the detailed audit plan and a list of all year-end schedules, including audit confirmation letters, to be prepared by the City. We will provide a detailed audit schedule to the City. We will request debt agreements and schedules as well as other specific contracts and agreements pertinent to the audit. We will begin to assess internal control structures and gather file documentation.
Interim Work and Progress Conference (May/June)	<ul style="list-style-type: none"> We will obtain an understanding of the City's operations, controls, and environment in order to determine our initial risk assessment. Fieldwork for the audit will include completing the assessment of internal controls over the financial statements, detailing audit procedures and performing our tests of compliance and internal controls over the applicable financial statement assertions and federal grants. We will utilize our IT staff to assess and test the controls of the general ledger system (as deemed necessary).
Detailed Audit Plan (July)	<ul style="list-style-type: none"> We will provide the City with a detailed audit plan and a list of all year-end schedules to be prepared by the City.
Final Fieldwork (September/October)	<ul style="list-style-type: none"> We will complete any outstanding internal control or federal grant testwork in conjunction with our substantive testing. We will perform our detail audit testing of the significant audit areas such as revenues and accounts receivable, capital assets, debt, cash, and investments and expenditures (both personnel and non-personnel services) Based on our risk assessment and level of internal control testwork performed during preliminary work, we will determine our extent of substantive procedures, incorporating an element of unpredictability, as well as a rotation of audit procedures.



**Communication
During and After Final
Fieldwork**

- We will communicate with management on a weekly basis to share information about the status of our fieldwork. We will also share any potential management letter comments with management at that time.
- We will hold an exit meeting with City representatives and City management and provide a list of any additional follow-up questions or information requests needed to conclude our audit procedures.

**Reporting
(November/December)**

- We will draft the opinion letter for the financial statements, single audit report (if necessary), annual expenditure limitation report, HURF report, communication with governance and if applicable the management letter by mid-November. We will be available to attend any and all committee and subcommittee meetings.
- Delivery date of final reports will be established with management and we will plan to deliver all reports by mid-December. If necessary, submit Single Audit Data Collection Form to the Federal Clearinghouse in coordination with the City

2 Level and number of hours to be assigned to each segment

The estimated hours by audit functions for your financial statement and single audit are as follows:

Work Item	Principal	Manager/ Director	Senior/ In- Charge	Staff	Admin	Total
Planning	6	8	3	2	-	19
Fraud Inquiries	-	4	-	-	-	4
Data Analytics	-	3	5	5	-	13
Internal Controls	-	4	5	10	-	19
Cash and Investments	-	-	10	10	-	20
Receivables/Revenues	-	-	5	20	-	25
Inventories and Prepaids	-	-	-	4	-	4
Other Assets/ Deferred Outflows	-	-	2	4	-	6
Capital Assets	-	5	5	5	-	15
Accounts Payable/Expenses	-	-	5	4	-	9
Accrued Wages and Benefits	-	-	8	4	-	12
Long-Term Debt	-	-	10	5	-	15
Other Liabilities/Deferred Inflows	-	-	8	-	-	8
Pension/OPEB Liabilities	-	5	8	8	-	21
Interfund Activity	-	-	4	4	-	8
Equity	-	-	4	-	-	4
Other Required Reports/Audit Procedures	9	16	8	5	-	38
Single Audit Testing/Report Preparation	5	5	10	20	-	40
Supervision and Review of CAFR	30	10	-	-	5	45
Total Hours	50	60	100	110	5	325

* This table presents general audit areas; obtaining an understanding of controls and control testwork is incorporated into the general audit areas. Supervision and review hours are incorporated into the general audit areas listed above.

Staff will be supervised at all times while on-site.



3 Sample size and statistical sampling

We follow the guidance of AU-C Section 350, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These AU-C Section 530 – “Audit Sampling” forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Sample sizes will vary depending on the nature of the testing (compliance versus substantive) and the size of the population being sampled. Sampling techniques are utilized in compliance and internal control testing, as well as substantive testing of certain asset and liability account balances. Sample sizes used for internal control testing depend on a number of factors, namely the number of expected or actual control deviations, size of population, and level of control assurance anticipated. Sample sizes can range from 20 to 90 possible selections.

To illustrate, if no internal control deviations are anticipated and the frequency of the population (i.e., the number of times the control is performed in a given year) is less than 100, then we will test 20 transactions in order to obtain moderate control assurance. If 2 internal control deviations are anticipated, and the frequency of the population is greater than 200, then we will test 90 transactions in order to obtain low control assurance. We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.

4 Extent to which EDP software will be used

FX Engagement – FX Engagement is our “paperless” audit product. This product allows us to file and save all of our audit work papers in an electronic storage capacity; allowing our firm to save time and resources associated with maintaining and storing paper files. FX Engagement also boasts a trial balance software program, which is utilized to produce financial statements, lead schedules, and allows us to perform trend analysis utilizing our clients’ trial balances.

TeamMate Analytics and Expert Analyzer (TeamMate) – To analyze and understand large data sets, we use TeamMate Analytics and Expert Analyzer. We customize the application by industry in order to perform the most applicable procedures. This allows us to go beyond sampling and instead analyze the entire general ledger for targeted anomalies. Far beyond the audit application, our six-phase process of Risk Assessment, Data Analytics and Review (RADAR) can also provide actionable insights to help you understand your entity better.

A Program Generator (APG) – In order to provide a uniform approach to all engagements, the firm requires the use of APG, a software program custom-written for CLA. This software package allows the tailoring of procedures, based on the requirements of your engagement. We have developed a customized CLA audit program, which effectively makes our audit processes paperless and will enhance our present electronic practices.

In an audit engagement, the primary use of APG is to take a standard audit program and modify, add, and delete procedures to create a program that has been specifically tailored to meet the needs of your engagement. Once tailored, the document can be completed electronically. Specific reports in addition to the basic program are generated to accommodate planning and review of your engagement. APG is an example of a technology tool that is designed to promote audit efficiencies. This software produces an industry-specific base program that is intended to encourage more thoughtful and specific tailoring. For an engagement to be effective in dealing with the risk of errors and efficient in avoiding riskless work, the engagement team will create a plan – the program – that contains the steps necessary to accomplish the goals of your engagement. Using APG is viewed as a thinking process, not just a documentation process.



LeapFILE and Secure File Transfer Protocol – CLA is committed to keeping client and member data secure. We utilize LeapFILE, a secure file transfer protocol (SFTP) software program, to receive and send encrypted files. LeapFILE allows us to transfer files to and receive files from our clients in a secure manner and keeps files with sensitive data out of our email boxes and hard drives.

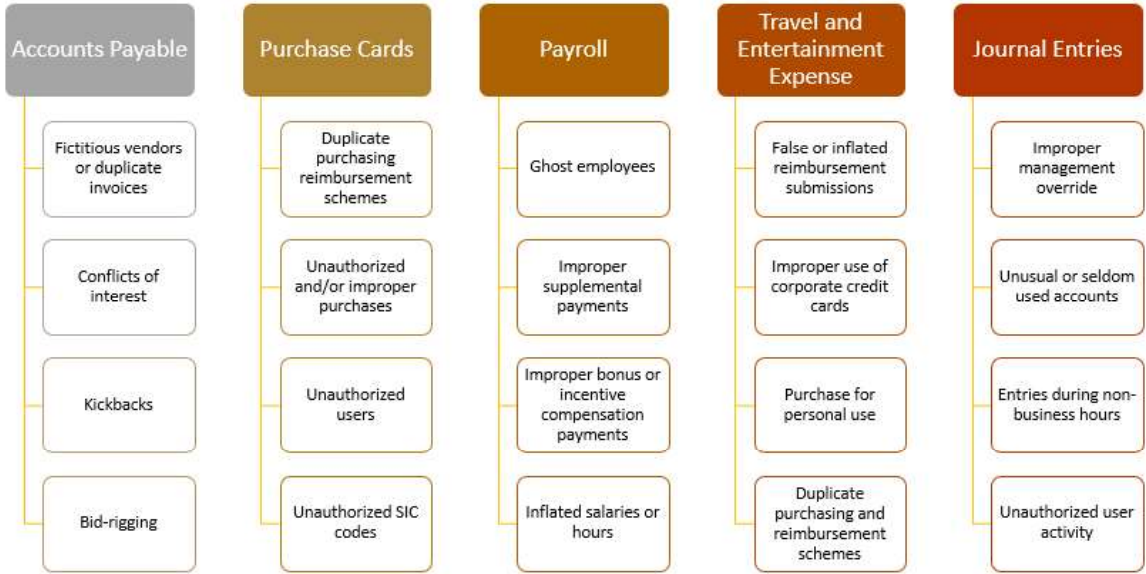
Client Portal – In addition to secure file transfer, clients can take advantage of a secure document portal to easily share documents and store files. This tool provides anytime, anywhere access to uploaded tax returns, financial statements and more from anywhere you have an Internet connection. Clients and CLA professionals can share and store confidential files in a secure environment. The portal has capacity for both long-term and transient file storage and provides access to all your documents in one place.

Assurance Information Exchange (AIE) – To make working with CLA a seamless experience, our team utilizes a proprietary, secure web-based application to request and obtain documents necessary to complete client engagements. This application allows CLA and our clients to view live client assistance letters, which provides detailed information, including due dates for all of the open items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly on the application. Follow the link to view a brief tutorial of the [Assurance Information Exchange](#).

Microsoft® Teams – Our services approach focuses on impactful interactions. We’ve said goodbye to the days of setting up camp in our clients’ conference rooms for weeks on end. We know our clients have organizations to run, so our interactions have purpose. To assist with communications when we are not onsite, we utilize tools such as Microsoft Teams, which allow for two-way screen sharing and video. We’ve found this helps minimize disruptions in our clients’ environments while continuing to effectively communication with each other.

5 Type and extent of analytical procedures to be used in the engagement

At CLA, we use a variety of analytical procedures during the planning, fieldwork, and final stages of the audit. Our analytical procedures are used to determine relationships between account balances, identify unusual trends and anomalies, and reassess our audit work performed by analyzing final balances. The following procedures are routinely performed during the audit as a rotation of audit procedures or due to identified risks.



The most common data analytics we utilize are through the **Interactive Data Extraction and Analysis (IDEA)** – IDEA is a statistical data analysis tool that has the ability to import data from virtually any data source or file



type, with no limitations on the size of the data files that can be examined. IDEA utilizes powerful, built-in tools designed for the performance of audits and fraud investigations, providing the ability to:

- Statistically sample, summarize, stratify and/or perform an aging of large data sets
- Compare, join, append, or otherwise manipulate multiple, related populations of data
- Identify gaps or duplicates in record sequences
- Extract subsets of data using a variety of criteria or filters
- Build reports and graphs to summarize testing results

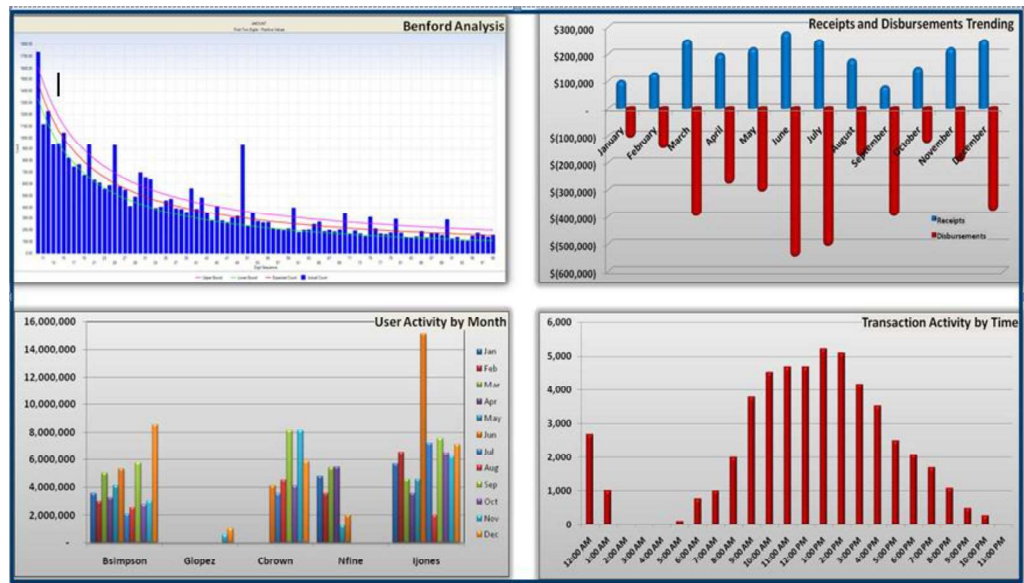


Below is a graph of the common analytics we perform on large sample sizes. Using the IDEA software, we can analyze large population sets and search for trends, outliers, and unusual activity. These analytics can help us identify risks, review abnormalities, or understand transactions of a population.

During our fieldwork, common analytical procedures include current to prior to budget analysis, predictive account balance tests and analytics utilizing nonfinancial data to determine the accuracy of reported financial data. Common predictive analysis we perform include predictive analysis for utility billings, payroll analysis and detailed expenditure analytics.

To give another example of the types of analytics we perform, we have included a sample of the data analytics documentation often found in our files. This form will be found with many of the analytics we do on revenues when we have identified strong controls and are analyzing a revenue stream for the year. We will address revenue analytics by making sure we are properly addressing the expected change by creating an expectation, analyzing the results, and investigating any large variances. This schedule is used to support the analytics performed to confirm we are addressing the risks within each assertion, to document that we understand the controls and how the revenue should change, and properly investigating results based on project materiality.

Data analytics and analytic procedures are utilized in our final audit review to determine the reliability of the audit evidence collected to render an opinion on the financial statements. The purpose of our final analytics is to



Substantive Analytic Documentation	
Prepare for the Analytic Review	
Audit Area:	
Assertions Being Addressed:	<input type="checkbox"/> E <input type="checkbox"/> C <input type="checkbox"/> R <input type="checkbox"/> V <input type="checkbox"/> A <input type="checkbox"/> P <input type="checkbox"/> X
Assessed Risk of Material Misstatement:	
Planning Materiality:	
Type of Substantive Analytic:	
Will Test of Details be Performed?	
Determine Suitability of the Substantive Analytic Procedure:	
Evaluate the Reliability of Data Being Used:	
Perform Analytical Procedures	
Step 1 - Develop an Expectation:	
Step 2 - Define a Significant Difference:	
Step 3 - Compute Difference:	
Document Work Performed (or reference workpaper):	
Step 4 - Investigate Significant Differences:	
Document Additional Work Performed (or reference workpaper):	
Conclusion	



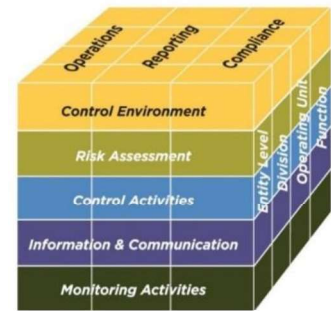
identify any unusual account balances that may not have been addressed during the testing phase of our audit and, if necessary, obtain additional evidential support.

6 Procedures used to understand internal processes and controls

We strive to develop our understanding in the least intrusive manner possible, while still maintaining our professional responsibilities. We utilize a combination of internal control forms and interviews with key accounting personnel to gain and document our understanding of the City. We use as a baseline any existing internal control processes, policies, organizational charts, etc. that the City documents. Tests of design and operating effectiveness would then be performed to confirm our understanding.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has established a framework for internal control systems. Under the COSO framework, internal control is a process to provide reasonable assurance that those internal objectives, including effectiveness and efficiency of business operations, reliability of financial reporting, and compliance with applicable laws and regulations, will be met.

Our audit approach is designed to evaluate and test the internal controls in accordance with COSO concepts. Our procedures include a review of the overall control environment, determination of the internal controls which are determined to be direct and material to the federal program under review, determination of the adequacy of those procedures, and testing of the procedures to determine if they are functioning as designed.



During the planning and internal control phases of our audit, we will develop our understanding of the City's business operations and internal control structure for financial accounting and relevant operations through observation, discussion, and inquiries with management and appropriate personnel. During this phase of the audit, we will review budgets and related materials, organization charts, accounting and purchase manuals, and other systems documentation that may be available.

Once we understand your operations, we will then identify control objectives for each type of control that is material to the financial statements. The next step will be to identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. We will then determine the nature, timing, and extent of our control testing, and perform tests of controls.

This phase of the audit will include extensive testing of controls over transactions, financial reporting, and compliance with laws and regulations. Whenever possible, we will use dual-purpose tests to reduce the need to select multiple samples for internal control and compliance testing.

Our assessment of internal controls will determine whether the City has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

Our workpapers during this phase will clearly document our work through the preparation of audit programs, cycle memo and supporting documentation, account risk analysis (ARA), specific control evaluation (SCE).

7 Approach to be taken in determining laws and regulations that will be subject to audit test work

We will obtain an understanding of the laws and regulations that have an impact on the City's operations by reviewing council minutes to identify any ordinances or resolutions that might have an impact to operations and reporting by the City, as well as interview key personnel and management of the City. Additionally, the staff assigned to the engagement attend regular trainings and are well versed in upcoming legislation, federal and state laws (i.e. Uniform Grant Guidance) and proactively discuss these upcoming changes with our clients.

We will also review current operations, contracts and IGA's that may have an impact on current operations.

8 Approach to be taken in drawing audit samples for purposes of tests of compliance

We follow the guidance of AU-C Section 530, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Because our sample sizes are affected by many variables, a statement about sample sizes cannot be made in absolute terms. However, with regard to sample selection, we will generally utilize representative sampling for internal control and compliance tests, including those related to single audit compliance. Samples will also be used in conjunction with other tests of compliance (e.g. Arizona Statutes, Ordinances, etc.).

In general terms, sample sizes for compliance and controls testing obtained via our guidance usually fall into categories of 25, 40, or 60 depending on circumstances. Where the population being tested is less than 100 items, we will use the 20%, 30%, or 40% of the population depending on our control risk assessment.

We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.

9 Areas/Departments subject to compliance and substantive sampling

The City has numerous audit areas and departments that have decentralized operations. During our planning and systems evaluation phases of the audit, we will reassess the designed controls over each area or department that may have other designed control structures. After obtaining an understanding and reassessing our understanding of the designed controls, we will test controls within those areas or departments, as well as perform data analytics as previously discussed. The testing of controls will provide reliance on the controls in place and the data analytics will assist us in identifying the high risk areas by noting any unusual items or outliers that we will address during the testing phase of our audit. By identifying the outliers, we are able to focus our attention on the areas of most risk.

10 Initial and subsequent years

Our audit approach from year one (2021) and subsequent years (covered by this proposal) will have certain consistent elements. However, we expect that the subsequent years will result in fewer audit hours based on the efficiencies gained as we become more familiar with your operations and will include a rotation of audit procedures, as well as elements of unpredictability. Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that a good audit yields substantial information for management and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. An effective audit performed by our team will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas



- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

Our audit services are designed to protect the City by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the overall plan is developed.

11 Identification of anticipated potential audit problems

In situations where authoritative guidance on a particular transaction or accounting issue is unclear or subject to interpretation, our approach is to proactively meet with management to discuss the issue and reach a conclusion that is hopefully agreed upon by both parties. We do not have specific “firm policies” that dictate our conclusions to be reached on all complex accounting issues. Rather, each issue must be evaluated independently by our engagement team. As discussed above, we will not only meet internally, but also facilitate discussion with the City’s management team in order to obtain a mutual understanding of the particular accounting issue, determine the applicable authoritative guidance that most closely relates to the issue, and strive to reach an approach agreed upon by both parties. If there still remains any ambiguity or disagreement, we can explore other resources that could possibly assist, such as subject matter professionals within the Government Accounting Standards Board staff or the Government Finance Officers Association (GFOA) or perhaps other municipalities who may have dealt with similar issues.

Detailed review of CAFR

The Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting is awarded to state and local governments that go beyond the minimum requirements of generally accepted accounting principles. It is awarded to state and local governments who produce a comprehensive annual financial report that evidences the spirit of transparency and full disclosure.

CLA provides audit services to many entities that received the GFOA Certificate of Excellence in Financial Reporting. All of the procedures noted in our audit approach and our technical review of the CAFR are done to help the City prepare and publish the top product possible. Our managers and principals who review the CAFR have a strong understanding of the GFOA requirement for the certificate. We understand that this is a prestigious award for the City and a great accomplishment for the finance and accounting departments.

We will review the GFOA comment letter for the previous year’s CAFR and provide the City advice regarding the response to the GFOA reviewer’s comments. In addition to the audit of the basic financial statements and our in-relation to opinion on the combining statements and schedules, will be the review of the comments from GFOA from the prior year to determine recommendations were adequately addressed, complete the CAFR checklist, and review of the transmittal letter and statistical data for reasonableness and that it agrees with the information in the financial statements and management’s discussion and analysis (MD&A), where applicable.

We understand the interrelationships of the many and varied components of a government’s financial statements, allowing us to quickly identify errors or anomalies within the financial statements. Our depth of knowledge and experience allows us to provide advice to assist the City with the preparation of the CAFR.

Our involvement with clients in the GFOA Certificate program helps us to be on the leading edge of reporting trends and techniques. We have been engaged by various entities to review their statements for compliance with program requirements. We have aided clients in the early implementation of professional pronouncements and regularly provide our clients with updates on new pronouncements and will do the same for the City.



The table below identifies the professionals who are currently members of the GFOA Special Review Committee together with their length of service with the Committee:

Name	Title	Location	Years Served
Julie S. Fowler, CPA	Signing Director	Sebring, FL	10+
Rich Gonzalez, CPA	Principal	Roseville, CA	5+
Michelle Hoffman, CPA	Manager	Minneapolis, MN	4+
Christopher Kessler, CPA	Manager	Fort Myers, FL	< 1
Christopher G. Knopik, CPA, CFE	Principal	Minneapolis, MN	5+
Jacob S. Lenell, CPA	Principal	Milwaukee, WI	10+
Remi Omisore, CPA	Principal	Baltimore, MD	6+
Jeffrey Peek, CPA	Manager	Roseville, CA	2+
Miranda Wendlandt, CPA, CFE	Principal	Alexandria, MN	3+
Elba Zuniga, CPA	Principal	Sacramento, CA	1+

Proposed schedule

Our project management methodology results in a client service plan that provides for regular formal communication with the entire management team and allows us to be responsive to your needs. Developing the schedule together allows for input from your personnel to make certain that the services are completed based on your requirements. We have outlined a proposed timeline in our Proposed Segmentation of the Audit Engagement on pages 30-31. The plan may also be amended during the year based on input from the City.

Workpaper retention

Workpapers will be maintained for at least a seven-year period and will be available for examination by authorized representatives of the finance committee, internal audit staff, and by authorized representatives of regulatory personnel, subject to professional ethics requirements. Significant records are stored in one of our secure Master Record Repositories per the engagement type. Upon the receipt of a request for retrieval, an appropriate review format will be determined based on the scope of the examination.

Reports to be issued

See listing of reports to be issued on pages 26-27.



J. Proposer Guarantees and Proposer Warranties

APPENDIX B

PROPOSER GUARANTEES AND WARRANTIES

- A. Proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section III, Scope of Services.
- B. Proposer warrants its intent to be bound by its proposal and the terms of the RFP and that the information provided is true, accurate and complete.
- C. Proposer warrants that it is willing and able to comply with State of Arizona laws with respect to corporations.
- D. Proposer warrants that it shall procure and maintain the required minimum insurance coverage for the duration of the contract as set forth in Section II.N.
- E. Proposer warrants that it will not delegate or subcontract its responsibilities without the express prior written permission of the City of Sedona.
- F. Proposer warrants the following by indicating yes or no to the following questions:

YES NO

<input checked="" type="checkbox"/>	1. Has the City or other governmental entity incurred costs as a result of contested change order(s) from the Proposer?
<input checked="" type="checkbox"/>	2. Has the City or other governmental entities been involved in litigation relative to contract performance with the Proposer?
<input checked="" type="checkbox"/>	3. Has the Proposer failed to meet bid specifications or time limits on other contracts?
<input checked="" type="checkbox"/>	4. Has the Proposer had bidding errors or omissions in two or more bid submissions within a 24-month period?
<input checked="" type="checkbox"/>	5. Has the Proposer been convicted of a criminal offense within a ten-year period of embezzlement, theft, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty?
<input checked="" type="checkbox"/>	6. Has the Proposer been disbarred or otherwise discharged by another governmental entity?

Signature of Official: *Sandra Cronstrom*

Name (typed): Sandra L. Cronstrom, CPA

Title: Principal

Firm: CliftonLarsonAllen LLP

Firm FEI Number: 41-0746749

Firm's AZ CPA State License #: 2719

Date: 3/24/2021



K. Sample Contract

Date

City Council and Management
City of Sedona, Arizona
102 Roadrunner Drive
Sedona, Arizona 86336

Dear Ms. Wright:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP (CLA) will provide for the City of Sedona, Arizona (“you,” “your,” or “the entity”) for the year ended June 30, 2020.

Sandra L. Cronstrom is responsible for the performance of the audit engagement.

Audit services

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City of Sedona, Arizona, as of and for the year ended June 30, 2020, and the related notes to the financial statements.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity’s basic financial statements. The RSI will be subjected to certain limited procedures but will not be audited. The following RSI will be subjected to certain limited procedures but will not be audited.

1. Management’s discussion and analysis.
2. Budgetary comparison schedules.
3. GASB-required supplementary pension information

We will also evaluate and report on the presentation of the following supplementary information other than RSI accompanying the financial statements in relation to the financial statements as a whole:

1. Combining and individual fund financial statements and schedules.
2. Schedule of expenditures of federal awards.

The following information other than RSI accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements and our auditors’ report will not provide an opinion or any assurance on that information:

1. Introductory section.
2. Statistical section.

Nonaudit services

We will also provide the following nonaudit services:

- Preparation of adjusting journal entries.



Audit objectives

The objective of our audit is the expression of opinions about whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our audit will include tests of your accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express opinions and render the required reports. We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. We will also perform procedures to enable us to express an opinion on whether the supplementary information (as identified above) other than RSI accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

The objectives of our audit also include:

- Reporting on internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Reporting on internal control over compliance related to major programs and expressing an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Uniform Guidance.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We will issue written reports upon completion of our audit of your financial statements and compliance with requirements applicable to major programs. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinions on the financial statements or the single audit compliance opinion are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements or material noncompliance caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming opinions on the financial statements or an opinion on compliance, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue reports, or withdrawing from the engagement.



Further, we have agreed that the financial statements will include a letter of transmittal to facilitate the City's application for the Government Finance Officers Association (GFOA) Certificate of Excellence in Financial Reporting. The other information related to the GFOA program will not be audited and our engagement does not assure the City that the GFOA Certificate will be awarded.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements or noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not require auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a single audit.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic financial statements and compliance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with the direct and material compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls



and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we identify during the audit that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

We will include in our report on internal control over financial reporting and on compliance relevant information about any identified or suspected instances of fraud and any identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements that may have occurred that are required to be communicated under *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of the entity's major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the "OMB Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of these procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

We will evaluate the presentation of the schedule of expenditures of federal awards accompanying the financial statements in relation to the financial statements as a whole. We will make certain inquiries of management and evaluate the form, content, and methods of preparing the schedule to determine whether the information complies with U.S. GAAP and the Uniform Guidance, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We will compare and reconcile the schedule to the underlying accounting records and other records used to prepare the financial statements or to the financial statements themselves.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements, RSI, and the schedule of expenditures of federal awards in accordance with U.S. GAAP. Management is also responsible for identifying all federal awards received, understanding and complying with the compliance requirements, and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance.



Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management is responsible for compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs. Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are responsible for the design, implementation, and maintenance of effective internal control, including internal control over compliance, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and that there is reasonable assurance that government programs are administered in compliance with compliance requirements.

You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs; and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.

You are responsible for taking timely and appropriate steps to remedy any fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we may report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings; and to follow up and take prompt corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on Date.

You are responsible for ensuring that management is reliable and for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.



You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation and fair presentation of other supplementary information in accordance with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies to us of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the "Audit objectives" section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services.



The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.

These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards.

Use of financial statements

The financial statements and our report thereon are for management's use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

If we agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

Should you decide to include or incorporate by reference these financial statements and our auditors' report(s) thereon in a future private placement or other offering of equity or debt securities, you agree that we are under no obligation to re-issue our report or provide consent for the use of our report in such a registration or offering document. We will determine, at our sole discretion, whether we will re-issue our report or provide consent for the use of our report only after we have performed the procedures we consider necessary in the circumstances. If we decide to re-issue our report or consent to the use of our report, we will be required to perform certain procedures including, but not limited to, (a) reading other information incorporated by reference in the registration statement or other offering document and (b) subsequent event procedures. These procedures will be considered an engagement separate and distinct from our audit engagement, and we will bill you separately. If we decide to re-issue our report or consent to the use of our report, you agree that we will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to re-issue our report or decide to withhold our consent to the use of our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our workpapers for those periods, we are under no obligation to permit such access.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.



Engagement administration and other matters

We expect to begin preliminary work for the audit in Date and conduct final work for the audit in Date.

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

At the conclusion of the engagement, we will complete the auditor sections of the electronic Data Collection Form SF-SAC and perform the steps to certify the Form SF-SAC and single audit reporting package. It is management's responsibility to complete the auditee sections of the Data Collection Form. We will create the single audit reporting package PDF file for submission; however, it is management's responsibility to review for completeness and accuracy and electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be electronically submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing confidential or sensitive information, copies of our reports are to be made available for public inspection.

We are available to perform additional procedures with regard to fraud detection and prevention, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to your oversight agency, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by your oversight agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Except as permitted by the "Consent" section of this agreement, CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such



discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice or any other service not specifically recited in this letter.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Government Auditing Standards require that we make our most recent external peer review report publicly available. The report is posted on our website at www.CLAconnect.com/Aboutus/.

Mediation

Any disagreement, controversy, or claim (“Dispute”) that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice (“Mediation Notice”) to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Arizona, without giving effect to choice of law principles.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months (“Limitation Period”) after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.



Fees

Our fees for these services will be **\$XX,XXX**, including \$X,XXX for the Single Audit, for the audit and for entering the information in the Data collection Form SF-SAC and creating the single audit reporting package. This fee includes the testing of one federal program for the single audit. The fee estimate is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated fee for services will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Unanticipated services

We do not anticipate encountering the need to perform additional services beyond those described in this letter. Below are listings of services considered to be outside the scope of our engagement. If any such service needs to be completed before the audit can proceed in an efficient manner, we will notify you and provide a fair and reasonable price for providing the service. We will bill you for the service at periodic dates after the additional service has been performed.

Bookkeeping services

Bookkeeping services are not audit services. Bookkeeping services include the following activities:

- Preparation of a trial balance
- Account reconciliations
- Bank statement reconciliations
- Capital asset accounting (e.g., calculating depreciation, identify capital assets for additions and deletions)
- Calculating accruals
- Analyzing transactions for proper recording
- Converting cash basis accounting records to accrual basis
- Preparation of financial statements and the related notes to the financial statements
- Processing immaterial adjustments through the financial statements
- Adjusting the financial statements for new activities and new disclosures

Additional work resulting from unanticipated changes in your organization or accounting records

If your organization undergoes significant changes in key personnel, accounting systems, and/or internal control, we are required to update our audit documentation and audit plan. The following are examples of situations that will require additional audit work:

- Revising documentation of your internal control for changes resulting from your implementation of new information systems
- Deterioration in the quality of the entity's accounting records during the current-year engagement in comparison to the prior-year engagement
- Significant new accounting issues
- Significant changes in your volume of business
- Mergers, acquisitions, or other business combinations
- New or unusual transactions



- Changes in audit scope or requirements resulting from changes in your activities
- Erroneous or incomplete accounting records
- Evidence of material weaknesses or significant deficiencies in internal control
- Substantial increases in the number or significance of problem loans
- Regulatory examination matters
- Implementation or adoption of new or existing accounting, reporting, regulatory, or tax requirements
- New financial statement disclosures

Changes in engagement timing and assistance by your personnel

The fee estimate is based on anticipated cooperation from your personnel and their assistance with timely preparation of confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.



Consent

Consent to use financial information

Annually, we assemble a variety of benchmarking analyses using client data obtained through our audit and other engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this engagement letter will serve as your consent to use of the City of Sedona Arizona's information in these cost comparison, performance indicator, and/or benchmarking reports.

Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between us. If you have any questions, please let us know. Please sign, date, and return a copy of this letter to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and our respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP

SAMPLE



Appendix

A. Engagement team biographies



Sandra L. Cronstrom, CPA

CLA (CliftonLarsonAllen LLP)

Principal, State and Local Government
Phoenix, Arizona

602-266-2248
sandy.cronstrom@CLAconnect.com



Profile

Sandy is a principal in our state and local government group and has performed various engagements including audits of nonprofits and state and local governments, reviews, compilations, certain agreed-upon procedures, and consulting services, and has prepared and reviewed tax returns for nonprofit organizations. Sandy's 37 years of public practice has been focused 100 percent on audits of Arizona government and nonprofit organizations. In addition to performing the aforementioned services to our clients, she has also served Arizona governments through ASBO (School Districts and Charter Schools) and GFOA (cities and towns) and has presented for both organizations. Before founding her own practice, which she owned and operated for more than 20 years and later merged with LarsonAllen, Sandy worked at the Arizona Office of the Auditor General.

Education and professional involvement

- Bachelor of science in accounting from Arizona State University, Phoenix, Arizona
- American Institute of Certified Public Accountants
- Certified Public Accountant in the state of Arizona
- Arizona Society of Certified Public Accountants
- Government Finance Officers Association
- Arizona Association of School Business Officials

Speaking engagements

- Instructor for CLA internal trainings

Civic organizations

- McDowell Mountain Little League, Past Treasurer
- Desert Canyon PTO, Past Treasurer

Continuing professional education

Sandy meets or exceeds her continuing education requirements. She consistently exceeds 80 hours of continuing professional education every two years and 120 hours every three years.

Courses

2020	Total credit
Governmental Accounting Conference	12.0
Detailed Review Assurance	2.0
Think Security: Don't be a Target	1.2
Independence and Ethics Update 2020 - Assurance Professionals	2.2
Coaching for Inspired Careers December 2020	1.2



Nonprofit and State & Local Government Learning Series #6 2020: Single Audit Update #2	2.2
Risk Management and Security Update - Q4 2020	1.2
Assurance Quarterly Update - Q4 2020	2.4
Audit: Be in the Know 2020	4.2
Nonprofit and State & Local Government Learning Series #4 2020: SLG Update #2	2.2
Assurance Quarterly Update - Q3 2020	2.4
Nonprofit and State & Local Government Learning Series #3 2020: Single Audit Update #1	2.0
Nonprofit and State & Local Government Learning Series #5 2020: Nonprofit Update #2	2.2
Risk Management and Security Update - Q2 2020	1.0
Assurance Quarterly Update - Q2 2020	2.0
Nonprofit and State & Local Government Learning Series #2 2020: SLG Update #1	2.2
COVID-19 Relief and the New Federal Lending and Grant Opportunities	1.2

43.8

2019

Diversity & Inclusion Learning Lab Series: Building Inclusive Teams	1.2
Coaching for Inspired Careers - Coaching in the Promise Season	1.0
Independence and Ethics Update 2019	2.0
Audit: Be in the Know 2019	7.0
Assurance Quarterly Update - Q3 2019	2.0
Professional Ethics for Arizona CPAs	4.0
Fraud Awareness for State and Local Government Auditors and Other Professionals	2.0
2019 Regulated Industries Conference: State & Local Government Wednesday A.M. Breakout	4.2
2019 Regulated Industries Conference: Wednesday P.M. General Session	2.2
2019 Regulated Industries Conference: Tuesday A.M. General Session	4.5
2019 Regulated Industries Conference: State & Local Government Tuesday P.M. Breakout	4.2
Coaching for Inspired Careers - Coaching in the Summer at CLA	1.0
Assurance Quarterly Update - Q2 2019	2.0
Nonprofit and State & Local Government Learning Series: Single Audit Update #1	2.0
Assurance Quarterly Update - Q1 2019	2.0

41.3



Anita M. Supinski, CPA

CLA (CliftonLarsonAllen LLP)

Principal
Brainerd, Minnesota

218-825-2919
anita.supinski@CLAconnect.com



Profile

Anita is a CLA national assurance technical group principal who started with the firm in 1989 and works primarily with state and local government engagements. Anita serves as the CLA state and local government industry assurance leader and manages the efforts of the CLA GASB GAAP implementation task force. Additionally, her responsibilities include being a firm wide technical resource for the governmental agencies audit and assurance practice and quality review of assurance engagements of government agencies. Anita also develops and conducts training sessions for audit and accounting staff within the firm. Anita is an experienced member of peer review teams and is involved with the firm's peer review and internal inspection process.

Technical experience

Anita assists governmental audit engagement teams and clients with technical audit and accounting issues and works with the CLA state and local governments group to formulate audit and financial statement report planning. She has experience working with more than 300 audits including states, schools, counties, local municipalities, as well as numerous special-purpose governments across the nation. Additionally, she consults with engagement teams on technical issues related to audits of federal and state awards and *Government Auditing Standards*.

Education and professional involvement

- Participates as a reviewer in the AICPA's enhanced peer review oversight program
- Past member of the AICPA State and Local Government Expert Panel
- Bachelor of science, accounting, St. Cloud State University, St. Cloud, Minnesota
- American Institute of Certified Public Accountants
- Minnesota Society of Certified Public Accountants
- Certified Public Accountant, Minnesota

Speaking engagements

- AICPA National Governmental Accounting and Auditing Update and other AICPA learning webcasts
- Presenter for internal annual CLA audit and accounting updates
- CLA external Local Government Training Academy Presenter
- Instructor for firm's annual Minnesota School District update as well as other internal learning sessions

Continuing professional education

Anita meets or exceeds her continuing education requirements. She consistently exceeds 80 hours of continuing professional education every two years and 120 hours every three years. Courses

2020

Detailed Review Assurance

**Total
credit**

2.0



IN FOCUS: Financial Reporting Model Improvements	2.0
Think Security: Don't be a Target	1.2
IN FOCUS - Revenue and Expense Recognition - Preparers and Auditors	1.0
Nonprofit and State & Local Government Learning Series #6 2020: Single Audit Update #2	2.2
2020 CLA Industries Celebration	3.0
Independence and Ethics Update 2020 - Assurance Professionals	2.2
IN FOCUS: Revenue and Expense Recognition—Preparers and Auditors I	1.0
In Focus: Revenue and Expense Recognition	1.0
Assurance Quarterly Update - Q4 2020	2.4
Risk Management and Security Update - Q4 2020	1.2
Assurance Quarterly Update - Q3 2020	2.4
Understanding the SOC 1: Employee Benefit Plan Audits	1.0
CLA 2020 Higher Education Webinar Series: NCAA Agreed Upon Procedures Update	1.0
Nonprofit and State & Local Government Learning Series #4 2020: SLG Update #2	2.0
Audit: Be in the Know 2020	4.2
CLA Marketing External - COVID-19 and Higher Education: Impact on FASB and GASB	1.0
Nonprofit and State & Local Government Learning Series #3 2020: Single Audit Update #1	2.0
MN School District Update 2020	3.2
Keeping Pace with COVID-19: Technical Insights and Opportunities #7	1.8
Assurance Quarterly Update - Q2 2020	2.2
Risk Management and Security Update - Q2 2020	1.0
Wellness Wednesday April 2020: Lifting Spirits, Financial Wellness, Staying Emotionally Healthy, and Keep on Moving	1.0
Nonprofit and State & Local Government Learning Series #2 2020: SLG Update #1	2.2
COVID-19 Relief and the New Federal Lending and Grant Opportunities	1.2
SLG Audit and Accounting Refresher 2020	13.5
Assurance Quarterly Update - Q1 2020	2.0

60.9

2019

Nonprofit and State & Local Government Learning Series: Single Audit Update #2	2.0
Independence and Ethics Update 2019	2.0
Risk Management and Ethics Update	6.5
Diversity & Inclusion Learning Lab Series: Adding the Missing Voice at CLA	1.2
Assurance Quarterly Update - Q4 2019	2.0
Risk Management & Security Update - Q4 2019	1.0
In Focus: GASB Implementation Guides for Fiduciary Activities and Leases	2.0
Diversity & Inclusion Learning Lab Series: Building Inclusive Teams	1.2
Nonprofit and State & Local Government Learning Series: GASB Update #2	2.0
Assurance Quarterly Update - Q3 2019	2.0
Audit: Be in the Know 2019	8.2
Fraud Awareness for State and Local Government Auditors and Other Professionals	2.0
MN School District Update 2019	8.2
2019 Regulated Industries Conference: State & Local Government Wednesday A.M. Breakout	4.2
2019 Regulated Industries Conference: Wednesday P.M. General Session	2.2



2019 Regulated Industries Conference: Tuesday A.M. General Session	4.4
2019 Regulated Industries Conference: State & Local Government Tuesday P.M. Breakout	4.2
Assurance Quarterly Update - Q2 2019	2.0
Risk Management & Security Update - Q2 2019	1.0
Nonprofit and State & Local Government Learning Series: GASB Update #1	4.0
LEAP: Learn Conference	37.5
Assurance Quarterly Update - Q1 2019	2.0
	<hr/>
	101.8
	<hr/>

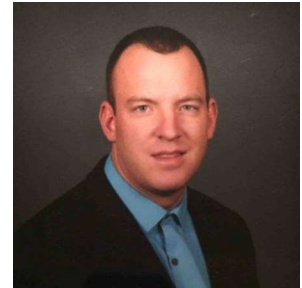


Richard Gillespie, CPA, CFE, CGFM

CLA (CliftonLarsonAllen LLP)

Director
Phoenix, Arizona

602-604-3539
richard.gillespie@CLAconnect.com



Profile

Richard is an assurance director for the nonprofit and government group. He brings more than nine years of experience to his role. Richard specializes in state and local governmental entities.

Technical experience

- State and local government

Education and professional involvement

- Bachelor's and master's degree in accountancy, New Mexico State University
- American Institute of Certified Public Accountants
- Association of Government Accountants
- Certified Public Accountant in Arizona
- Certified Government Financial Manager
- Certified Fraud Examiner

Continuing professional education statement

Richard meets or exceeds his continuing education requirements. He consistently exceeds 80 hours of continuing professional education every two years and 120 hours every three years. Because he works on governmental entities, Richard exceeds his requirements for continuing education required under Government Auditing Standards. Most of his continuing education is directly related to the clients he serves, including federal grant compliance, Governmental Accounting Standards Board updates, financial reporting for government entities and other related educational opportunities.

Courses

	Total credit
2020	
Think Security: Don't be a Target	1.2
Think Security: New Family Members	1.0
Assurance Quarterly Update - Q3 2020	2.4
Audit: Be in the Know 2020	3.6
Nonprofit and State & Local Government Learning Series #4 2020: SLG Update #2	2.2
New Family Member IT Orientation	1.5
EBP Intermediate 2020	1.0
GASB Pension Standards Overview	11.0
A Complete Guide to Investing	15.0
Not-for-Profit Accounting	5.0
GAO Standards - Yellow Book	6.0
Understanding the Federal Stimulus Programs and Being an Essential Business Advisor to Our Clients	1.5



PPG Presents: 2019 Year End Assurance Alert	2.5
	<hr/> 53.9 <hr/>
2019	
Casino Year End Observation Training	1.5
Understanding Governmental Accounting Applicable to Tribes	12.0
2019 Assurance Services Conference (ASC) for Managers	17.0
Fraud 101 - Misappropriations	3.0
Brainstorming Your Way to Fraud Prevention	2.0
Independence	4.5
Workplace Harassment Prevention for Managers - Multi-State Edition, Version 3.0	2.0
2019 Security Basics	1.0
Professional Ethics for Arizona CPAs	4.0
2019 Regulated Industries Conference: State & Local Government Wednesday A.M. Breakout	4.2
2019 Regulated Industries Conference: Wednesday P.M. General Session	1.2
2019 Regulated Industries Conference: State & Local Government Tuesday P.M. Breakout	4.2
Assurance Quarterly Update - Q2 2019	2.0
Nonprofit and State & Local Government Learning Series: Single Audit Update #1	2.0
Assurance Quarterly Update - Q1 2019	2.0
	<hr/> 62.6 <hr/>



Mitchell P. Hagenson

CLA (CliftonLarsonAllen LLP)

Associate
Phoenix, Arizona

602-604-3593
mitchell.hagenson@CLAconnect.com



Profile

Mitchell started with CLA in January 2018 as an intern and is now an associate with CLA’s state and local government group. He has experience in public accounting and works extensively with governmental clients including counties, cities, municipalities, and schools. A sampling of his governmental clients includes:

- Aitkin County
- Aitkin Public Utilities Commission
- Becker County
- Beltrami County
- Benton County
- Brainerd Housing & Redevelopment Authority
- Buchanan County
- City of Bigfork
- City of Crosby
- City of Deerwood
- City of Garrison
- City of Littlefork
- City of Ranier
- City of Warren
- Crow Wing County
- Franklin Township
- Glencoe Light and Power Commission
- Waconia Public Schools
- International Falls Public School
- Itasca County
- Kanabec County
- Lyon County
- Mower County
- Pine County
- Region 4 South Adult Mental Health
- Sylvan Township
- Water & Light Commission Moose Lake

Education and professional involvement

- Bachelor of science of accounting and business administration and concentration in financial planning from University Jamestown, North Dakota

Continuing professional education

Mitchell meets or exceeds her continuing education requirements. He consistently exceeds 80 hours of continuing professional education every two years and 120 hours every three years. Because he works on governmental entities, Mitchell exceeds her requirements for continuing education required under Government Auditing Standards. Most of his continuing education is directly related to the clients she serves, including federal grants.

Courses

	Total credit
2020	
Achieve Conference: The Business of CLA	1.6
Achieve Conference: Developing a Consultative Mindset	2.0
Achieve Conference: Assurance in Charge Panel	1.2
Achieve Conference: Supervision & Coaching	1.8
Achieve Conference: Firm Risk Awareness	2.0
Achieve Conference: Internal Controls	1.2



Achieve Conference: Time & Project Management	1.8
Achieve Conference: Effective in Charging Part 2	1.2
Achieve Conference: Auditing for Fraud	2.0
Achieve Conference: Building Your Career at CLA	1.8
Achieve Conference: Effective in Charging Part 1	2.0
Achieve Conference: Risk Assessment	1.2
Assurance Quarterly Update - Q3 2020	2.4
Audit: Be in the Know 2020	4.2
Nonprofit and State & Local Government Learning Series #3 2020: Single Audit Update #1	2.0
MN School District Update 2020	3.2
Assurance Quarterly Update - Q2 2020	2.0
Risk Management and Security Update - Q2 2020	1.0
Nonprofit and State & Local Government Learning Series #2 2020: SLG Update #1	2.2
CLA 2020 Government Training Academy	8.0
	<hr/> 44.8 <hr/>
2019	
TeamMate Data Analytics Practical Training	4.0
Independence and Ethics Update 2019	2.0
LEAP: Experience Assurance Town Hall 2019	1.5
Assurance Quarterly Update - Q4 2019	2.0
Risk Management & Security Update - Q4 2019	1.0
LEAP: Experience: Business Skills Part 2	2.0
LEAP: Experience: Business Skills Part 1	2.0
Nonprofit and State & Local Government Learning Series: GASB Update #2	2.0
Assurance Quarterly Update - Q3 2019	2.0
Audit: Be in the Know 2019	8.2
MN School District Update 2019	8.2
Assurance Quarterly Update - Q2 2019	2.0
Nonprofit and State & Local Government Learning Series: Single Audit Update #1	2.0
Nonprofit and State & Local Government Learning Series: GASB Update #1	2.0
CLA 2019 Government Training Academy	8.0
	<hr/> 48.9 <hr/>

CLAconnect.com

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



B. Peer review report



Report on the Firm's System of Quality Control

November 21, 2019

To the Principals of CliftonLarsonAllen LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; audits of broker-dealers; and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Cherry Bekaert LLP".

Cherry Bekaert LLP





**CITY COUNCIL
AGENDA BILL**

**AB 2675
April 27, 2021
Consent Items**

Agenda Item: 3g
Proposed Action & Subject: Approval of a resolution amending the Intergovernmental Agreement between the City of Sedona and the ADOT for the Intersection of SR 179 & SR 89A Improvements Project.

Department	Public Works
Time to Present	N/A
Total Time for Item	
Other Council Meetings	October 23, 2018, October 14, 2020
Exhibits	A. IGA Amendment B. Resolution

City Attorney Approval	Reviewed 4-20-21 KWC	Expenditure Required	
		\$	450,000
City Manager's Recommendation	Approve a resolution amending the Intergovernmental Agreement between the City of Sedona and the ADOT for the Intersection of SR 179 & SR 89A Improvements Project.	Amount Budgeted	
		\$	793,274
		Account No. (Description)	22-5320-89-6871 SIM-04d Construction
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: The January 2018 City of Sedona Transportation Master Plan (TMP) evaluated Citywide transportation needs and concluded with a set of recommended strategies to address congestion and mobility needs of residents, visitors, and commuters. These strategies have been developed into a series of capital improvement projects that collectively have been identified and promoted as the Sedona In Motion (SIM) program. Strategy 4 of the SIM program is focused on improvements to the SR 179 corridor from the roundabout at Schnebly Hill Road to the roundabout at SR 89A (the "Y"). One component of strategy 4 was the implementation of separated right turn lanes at the "Y" toward southbound SR 179, and toward Uptown.

The ADOT North Central District expressed interest in partnering on this project. Because the intersection is within ADOT right-of-way (ROW), they are the managing agency. To secure funding for the project, the North Central District applied for district minor funding. These funds are competitive amongst all the districts throughout the state. The City agreed to contribute 50% of the overall project funding to make the application more competitive. The District was awarded project funding with design starting in FY19. An Intergovernmental Agreement (IGA)

which formalized the cost sharing responsibilities was approved by Council at the October 23, 2018 meeting. The City's anticipated contribution as part of that IGA was \$1.12M.

A trial of the northbound lane modifications was put in place from May to October 2020, and the team conducted testing, modeling, and analysis. As previously reported to Council at the October 14, 2020 Council meeting, we did not see enough of a benefit from that test and the project was modified to remove the slip lanes from the scope. Instead, the project is now focusing on improvements to signing, striping, and minor pavement and concrete improvements. The City is continuing to look for ways to improve efficiency in this area, as it is a known bottleneck during congested times.

As a result of the change in project scope, staff is requesting approval of this amendment to the original IGA. The amendment redefines the scope of the project and updates expected cost contributions. The City's total anticipated contribution is now approximately \$700K, \$450K of which will be expended in FY21 prior to construction.

Current schedule has the project beginning in late August 2021. Most of the work would be complete by the end of September, with final striping at the end of October. Disruptive work is expected to occur at night or in the early morning hours when traffic is light.

Community Plan Consistent: Yes - No - Not Applicable

- Environmental Stewardship: Conserves natural resources associated with wasteful vehicle operations due to congested travel time.
- Improved Traffic Flow: Reduces congestion and travel times and improves vehicle safety.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Not approving the IGA amendment could result in potential loss of district minor funding.

MOTION

I move to: approve Resolution No. 2021-___ authorizing an amendment to the Intergovernmental Agreement between the City of Sedona and ADOT for the Intersection of SR 179 & SR 89A Improvements Project.

ADOT File No.: IGA 18-0006995-I
Amendment No. One: 20-0008027-I
AG Contract No.: P001 2018 002715
Project Location/Name: Intersection of
SR 179 & SR 89A Bypass Lanes
Type of Work: Highway Construction
Federal-aid No.: A89-A(210)T
ADOT Project No.: F020601D/01C
TIP/STIP No.: NA
CFDA No.: 20.205 - Highway Planning and
Construction
Budget Source Item No.: 101184

**AMENDMENT NO. ONE
TO
INTERGOVERNMENTAL AGREEMENT**

BETWEEN
THE STATE OF ARIZONA
AND
THE CITY OF SEDONA

THIS AMENDMENT NO. ONE to INTERGOVERNMENTAL AGREEMENT (the “Amendment No. One”), is entered into this date _____, pursuant to Arizona Revised Statutes (“A.R.S.”) §§ 11-951 through 11-954, as amended, between the STATE OF ARIZONA, acting by and through its DEPARTMENT OF TRANSPORTATION (the “State” or “ADOT”) and the CITY OF SEDONA, acting by and through its MAYOR and CITY COUNCIL (the “City”). The State and the City are collectively referred to as the “Parties.”

WHEREAS, the INTERGOVERNMENTAL AGREEMENT, IGA 18-0006995-I, A.G. Contract No. P001 2018 002715, was executed on April 16, 2019, (the “Original Agreement”);

WHEREAS, the State is empowered by A.R.S. § 28-401 to enter into this Amendment No. One and has delegated to the undersigned the authority to execute this Amendment No. One on behalf of the State;

WHEREAS, the City is empowered by A.R.S. § 48-572 to enter into this Amendment No. One and has by resolution, a copy of which is attached and made a part of, resolved to enter into this Amendment No. One and has authorized the undersigned to execute this Amendment No. One on behalf of the City; and

NOW THEREFORE, in consideration of the mutual terms expressed herein, the purpose of this Amendment No. One is to revise the Project scope and costs. The Parties desire to amend the Original Agreement, as follows:

I. RECITALS

Section I, Paragraph 3, is revised as follows:

3. The purpose of this Agreement is to allow the Parties to combine resources to resurface pavement, by milling and filling as well as upgrading the pavement markings, in the vicinity of SR 89A at the Brewer Rd. intersection and the SR 179 intersection, within the City's jurisdiction (the "Project"). The Project will give warning of the traffic movements in the roundabout and includes, but is not limited to, upgrading and adding signage to the approaches along northbound (NB) SR 89A and NB SR 179 and southbound (SB) SR 89A leading to the roundabout, installing new pavement markings, upgrading curb ramps to meet Americans with Disabilities Act (ADA) standards, and installing temporary advanced warning signs for traffic control.

II. SCOPE OF WORK

Section II, Paragraph 1.b., is deleted, and Paragraph 1.d., is revised as follows:

1. The Parties agree:
 - d. The preliminary Project construction (including utility relocation) cost is estimated at \$900,000.00. The Parties will each contribute \$450,000.00 toward the construction of the Project, as shown in Exhibit A. The construction cost estimate will be updated at the Stage III, Stage IV, and Stage V design submittals. At that time, ADOT or the City may decide to terminate the design and construction of the Project.

Section II, Paragraph 2.b., and 2.i., are revised as follows:

2. The State will:
 - b. Invoice the City for the City's share of PDA and Project design costs, estimated at \$252,708.00. After the Project costs for design are finalized, the State will either reimburse or invoice the City for the difference between estimated and actual costs to complete design for the Project, in the same percentage as originally contributed to the Project.
 - i. After completion of design and prior to bid advertisement, invoice the City for the actual PDA costs, as applicable, and the City's share of Project construction costs, including utility relocation, estimated at \$450,000.00. After the Project costs for construction are finalized, the State will either reimburse or invoice the City for the difference between estimated and actual costs to complete the construction of the Project, in the same percentage as originally contributed to the Project.

Section II, Paragraph 3.b., and 3.e., are revised as follows:

3. The City will:
 - b. Within 30 days of receipt of an invoice from the State, pay the initial PDA and design costs, estimated at \$252,708.00. Be responsible and pay for, Project design costs that exceed the

original estimate, within 30 days of receipt of an invoice from the State in the same percentage as originally contributed to the Project.

- e. After completion of design, within 30 days of receipt of an invoice from the State and prior to bid advertisement, pay to the State, any outstanding PDA costs and the City's share of the Project construction costs (which includes utility relocation costs) estimated at \$450,000.00. Be responsible and pay for, in the same percentage as originally contributed to the Project, the difference between the estimated and actual construction costs of the Project, within 30 days of receipt of an invoice.

III. MISCELLANEOUS PROVISIONS

Section III, Paragraph 18, is revised (footnote removed), as follows:

18. The Parties shall ensure that all contractors comply with the applicable requirements of Arizona Revised Statutes §35-393.01.

EXCEPT AS AMENDED, ALL OTHER terms and conditions of the Original Agreement remain in full force and effect.

THIS AMENDMENT NO. ONE shall become effective upon signing and dating of the Determination Letter by the State's Attorney General.

IN ACCORDANCE WITH A.R.S. § 11-952 (D) attached and incorporated in this Amendment No. One is the written determination of each Party's legal counsel that the Parties are authorized under the laws of this State to enter into this Amendment No. One and that the Amendment No. One is in proper form.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. One the day and year first above written.

CITY OF SEDONA

STATE OF ARIZONA

Department of Transportation

By _____
SANDRA J. MORIARTY
Mayor

By _____
STEVE BOSCHEN, PE
Division Director

ATTEST:

By _____
SUSAN L. IRVINE
City Clerk

ATTORNEY APPROVAL FORM FOR THE CITY OF SEDONA

I have reviewed the above referenced Amendment No. One to the Original Agreement between the State of Arizona, acting by and through its DEPARTMENT OF TRANSPORTATION, and the CITY OF SEDONA, an agreement among public agencies which, has been reviewed pursuant to Arizona Revised Statutes §§ 11-951 through 11-954 and declare this Amendment No. One to be in proper form and within the powers and authority granted to the City under the laws of the State of Arizona.

No opinion is expressed as to the authority of the State to enter into this Amendment No. One.

City Attorney

Date

EXHIBIT A

Cost Estimate

F0206 01D/01C

The federal funds will be used for the design and construction of the Project, including the construction engineering (CE) and administration cost. The estimated Project costs are as follows:

ADOT Project Development Administration (PDA/design:

City's contribution	\$ 252,708.00
State's contribution	<u>\$ 252,708.00</u>

Subtotal - Design/PDA* **\$ 505,416.00**

Utility Relocation/Construction:

City's contribution	\$ 450,000.00
State's contribution	<u>\$ 450,000.00</u>

Subtotal - Utility Relocation/Construction** **\$ 900,000.00**

Estimated TOTAL Project Cost **\$ 1,405,416.00**

Total Estimated City Funds **\$ 702,708.00**

Total Estimated State Funds **\$ 702,708.00**

* (Included in the City's Estimated Funds)

** (Includes 15% CE (this percentage is subject to change, any change will require concurrence from the City) and 5% Project contingencies)

RESOLUTION NO. 2021-__

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING AN AMENDMENT TO THE INTERGOVERNMENTAL AGREEMENT WITH THE STATE OF ARIZONA ACTING BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION, IDENTIFYING COST-SHARING RESPONSIBILITIES FOR IMPROVEMENTS AT THE INTERSECTION OF SR 179 & SR 89A AND PROVIDING AUTHORIZATION FOR THE MAYOR TO EXECUTE SAID AMENDMENT.

WHEREAS, the City of Sedona (“City”) and the State of Arizona, acting by and through its Department of Transportation (“ADOT”), have prepared an amendment to the Intergovernmental Agreement identifying each agency’s responsibilities for cost-sharing of improvements at the intersection of SR 179 & SR 89A; and

WHEREAS, the City and ADOT are mutually agreeable to entering into an agreement and desire to partner in the implementation of improvements at the intersection of SR 179 and SR 89A; and

WHEREAS, the City has reviewed the terms of the amendment to the Intergovernmental Agreement and determined that it is in the proper form required by A.R.S. §§ 11-951 through 11-954.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF SEDONA, ARIZONA THAT:

The City of Sedona, through its Mayor and Council, hereby approves the amendment to the Intergovernmental Agreement with ADOT identifying cost-sharing responsibilities for improvements at the intersection of SR 179 & SR 89A, and the Mayor is authorized to execute said Agreement on behalf of the City.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 27th day of April, 2021.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney



**CITY COUNCIL
AGENDA BILL**

**AB 2673
April 27, 2021
Regular Business**

Agenda Item: 8a
Proposed Action & Subject: Presentation/discussion the Rapid Response Grant to Engage Sedona’s Immigrant Community in the Harmony neighborhood.

Department	City Manager’s Office
Time to Present	5 minutes
Total Time for Item	30 minutes
Other Council Meetings	N/A
Exhibits	N/A

City Attorney Approval	Reviewed 4-20-21 KWC	Expenditure Required	
		\$	0
City Manager’s Recommendation	For discussion only.	Amount Budgeted	
		\$	0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: In September 2020, City staff received a \$15,000 grant designed to increase equity in City engagement processes and support resiliency-building projects in the immigrant community in Sedona. According to data from Yavapai College, Hispanic community members account for 14.6 percent of Sedona’s community. However, the immigrant community in general and the Harmony neighborhood in particular are consistently underrepresented in City planning processes, resulting in their voices not being reflected in City planning. With transit, bicycle, and pedestrian infrastructure and climate action planning underway, there are several opportunities to redesign engagement processes and shift City projects to reflect the needs of the immigrant community.

For the project, the City of Sedona partnered with Northern Arizona Institutions for Community Leadership (NAICL) to design and implement community-organizing strategies in the Harmony neighborhood. Community-led organizers have trained a group of 20 leaders in Harmony and designed engagement processes that identify barriers to climate action and participation in City planning processes. Community-led organizers surveyed 60 Harmony neighbors about their priorities. While building trust and new relationships between NAICL leaders and the City of

Sedona, Harmony community leaders and members have identified three main climate action needs:

1. Education and assistance to save water and energy at home;
2. Public transportation for their children to get safely around the community to sports and afterschool activities; and
3. Sidewalks and lighting to safely walk home from the bus at night.

Additional responses from community members included concern over perceived public safety issues and the need for community cleanups to deal with litter and bulk trash. Community members identified the need for Spanish language interpretation and translation as well as Spanish language resources in City projects and programming.

This grant has allowed City staff to begin building relationships within the immigrant community with the goal of continuing this partnership to address issues related to public safety and economic diversification.

Timeline: City staff received the Rapid Response Grant from the Urban Sustainability Directors Network (USDN) in September 2020. The project is scheduled to be completed by June 2021.

Community Plan Consistent: Yes - No - Not Applicable

According to the Community Plan, “We will help nurture a safe, supportive community that is responsive to the needs of youth and families.” Both community and community connections are identified as important. Additionally, the Climate Action Plan identifies diversity, equity, inclusion as priorities in planning and implementation.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): N/A

MOTION

I move to: for discussion only.



**CITY COUNCIL
AGENDA BILL**

**AB 2667
April 27, 2021
Regular Business**

Agenda Item: 8b
Proposed Action & Subject: Discussion/possible action regarding ideas for possible resolutions for consideration by League of Arizona Cities and Towns' Policy Committees.

Department	City Manager's Office
Time to Present	5 Minutes
Total Time for Item	30 Minutes
Other Council Meetings	N/A
Exhibits	A. Councilor Suggested Resolutions (12)

City Attorney Approval	Reviewed 4-20-21 KWC	Expenditure Required	
		\$	0
City Manager's Recommendation	N/A	Amount Budgeted	
		\$	0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: Each year, the League of Arizona Cities and Towns (League) seeks suggestions from municipalities for legislative proposals for the forthcoming legislative session. Councilors have been asked to provide ideas for items they feel the League should consider. These will be forwarded to the appropriate League Policy Committee for review and consideration.

The five (5) Policy Committees are: 1) Budget, Finance and Economic Development (BFED); 2) General Administration, Human Resources and Elections (GAHRE); 3) Neighborhoods, Sustainability and Quality of Life (NSQL); 4) Public Safety, Military Affairs and the Courts (PSMAC); and 5) Transportation Infrastructure and Public Works (TIPW). Each Policy Committee meets on an as-needed basis when there are issues brought forward by Committee members for discussion. The Policy Committees ultimately vote on whether to move any proposal forward for consideration at the Annual Conference.

The purpose of this item is to discuss items suggested by Councilors to determine if they should be sent on to the League for consideration. The suggested items from Councilors include:

Community Choice Aggregation, Digital Equity Broadband as Utility, Digital Equity Middle Mile, Electric Vehicle Charging Stations, Executive Sessions, Resolve Water Law, Restore Recycling Fund, Short Term Rentals, Upgrade Voting System, Voting Issues, and Water

Conservation Incentives. Details on these are attached as Exhibit A with 12 individual suggestions.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): N/A

MOTION

I move to: for discussion and possible action.

Policy Issue Submittal Form

Please use this form to submit your policy issue. The issue will be vetted by the relevant Policy Committee, and may become a formal Resolution, or may go on for further discussion with a non-legislative solution.

Guidelines

There are two types of resolutions:

- 1) Statements requesting a specific action, such as requesting that the Legislature enact a statute relating to a zoning issue.
- 2) Statements of general policy direction, such as supporting increases for transportation funding.

The resolutions process is designed for issues that impact a broad cross section of cities and towns. Single city/town issues are not generally part of the League’s overall agenda.

Policy Issue

Please state the problem or issue.

Community choice aggregation allows consumers to choose who they buy electricity from, so they can choose renewable power, without installing their own solar panels. This makes renewable power more accessible for renters and low-income households and less expensive.

According to the [EPA](#), “Community choice aggregation (CCA), also known as municipal aggregation, are programs that allow local governments to procure power on behalf of their residents, businesses, and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default utility, and/or lower electricity prices. By aggregating demand, communities gain leverage to negotiate better rates with competitive suppliers and choose greener power sources.” So far, nine states have passed CCA legislation. You can learn more about the CCA legislation in different states [here](#).

Please state the solution you are promoting for your issue.

Allow community choice aggregation to support the transition to renewable power.

Sustainability Alliance NGO members supporting the recommendation							
Cornucopia	Friends of the Verde River	Gardens for Humanity	Healthy World Sedona	Keep Sedona Beautiful	Northern AZ Climate Change Alliance	Oak Creek Watershed Council	Sedona Recycles

Policy Issue Submittal Form

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Policy Issue

Please state the problem or issue.

As the pandemic has shown, access to the internet is required for education and work. It's now a requirement for life in this modern age. The lack of affordable, high quality internet is a turn off to business.

Please state the solution you are promoting for your issue.

Treat broadband providers as a utility. (Cities and counties could turn Internet providers into a franchise model, lowering costs for all, while ensuring high speed internet is affordable and available in all areas.)

Sustainability Alliance NGO members supporting the recommendation							
Cornucopia	Friends of the Verde River	Gardens for Humanity	Healthy World Sedona	Keep Sedona Beautiful	Northern AZ Climate Change Alliance	Oak Creek Watershed Council	Sedona Recycles
X		X	X	X	x		X

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Policy Issue

Please state the problem or issue.

Much of Arizona is rural and low density where high quality broadband is hard to serve. As we encountered during the pandemic, students without access to reliable internet service are more likely to be left behind while those with reliable access are more likely to achieve their full potential. Lack of accessible and affordable internet service should not be an obstacle to learning or realizing future economic opportunities.

Employees or business owners attempting to work from home over the past year experienced mixed results. Conducting business on Zoom or other platforms? How many of us have seen the words "your internet connection is unstable" or watched with frustration as "frozen faces" disrupted effective communications?

The priority of regional broadband to close the digital divide has been discussed for years as an economic and social necessity. Now is the time to make comprehensive broadband a reality.

Please state the solution you are promoting for your issue.

The state should leverage federal funding in addition to its own budgetary allocation to address the middle mile bringing high quality internet service into rural communities. Further, if we treat broadband providers as a utility, cities in rural communities could create a franchise model lowering costs for all subscribers and ensuring availability in all areas.

Policy Issue Submittal Form

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Policy Issue

Please state the problem or issue.

Much of Arizona is low density where high quality broadband is hard to serve. If the State leveraged Federal funding, the Middle Mile could come through Sedona, addressing the economic drag of poor-quality internet. Long term, this infrastructure will be needed for autonomous vehicles.

Please state the solution you are promoting for your issue.

Leverage Federal funding for the “Middle Mile.”

Sustainability Alliance NGO members supporting the recommendation							
Cornucopia	Friends of the Verde River	Gardens for Humanity	Healthy World Sedona	Keep Sedona Beautiful	Northern AZ Climate Change Alliance	Oak Creek Watershed Council	Sedona Recycles
		X	X	X	x		X

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Policy Issue

Please state the problem or issue.

Vehicle manufacturers are quickly shifting to electric vehicles with goals to be all electric by 2035. [Learn more about the charging standards.](#)

Please state the solution you are promoting for your issue.

Expand funding EV charging infrastructure (charging stations, battery swap stations, etc.) to support the electrification of transportation. One option would be to provide a temporary tax incentive to gas stations that install charging stations (the standard used by most manufacturers other than Tesla. Tesla’s have an adapter to use non-Tesla chargers and the company has already deployed chargers around the [state](#).) “Every electric vehicle on the road today is compatible with the U.S. standard Level 2 chargers, known in the industry as SAE J1772.” (Source: [Car and Driver](#))

Sustainability Alliance NGO members supporting the recommendation							
Cornucopia	Friends of the Verde River	Gardens for Humanity	Healthy World Sedona	Keep Sedona Beautiful	Northern AZ Climate Change Alliance	Oak Creek Watershed Council	Sedona Recycles
X		X	X	X	x		

Policy Issue Submittal Form

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- 2) Statements of general policy direction, such as supporting increases for transportation funding.

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Policy Issue

Please state the problem or issue.

A.R.S. § 38-431.03(A)(1) is cited by city councils as authorizing an executive session to consider the appointment of someone to fill a vacancy on that council. However, the paragraph doesn't specifically refer to applicants and is ambiguous in its use of the classification "officer, appointee or employee." Here's the text of this paragraph:

Discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body, except that, with the exception of salary discussions, an officer, appointee or employee may demand that the discussion or consideration occur at a public meeting. The public body shall provide the officer, appointee or employee with written notice of the executive session as is appropriate but not less than twenty-four hours for the officer, appointee or employee to determine whether the discussion or consideration should occur at a public meeting.

1. In the first instance, the phrase has been interpreted to include someone applying to become, but not yet a member of, that classification. but later instances have been interpreted literally to mean someone already in that classification.
2. Because of #1, it is unclear whether applicants are entitled to the same written notice and/or opt-out demand of the executive session as those already in the classification.
3. It is unclear what happens when some but not all members of a group being discussed, whether applicants to become or already members of the classification, opt out of the executive session: must the discussion of only the opted-out persons or the entire group discussion move to a public meeting? (It can be argued that it is impossible to hold separate meetings to deliberate about the applicants for a position because discussing the merits of one applicant in executive session is by inference making a comparison with one who has opted out.)

Please state the solution you are promoting for your issue.

1. Reword the statute to clarify that applicants have the same written notice and opt-out demand as that afforded to those who are already an “official, appointee or employee.”
2. Reword the statute to clarify that in a meeting where multiple people are being discussed (e.g., a council deliberating over applicants for an opening on that council) an opt-out by any member of the group means that the entire meeting must be public.

Policy Issue Submittal Form

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- 2) Statements of general policy direction, such as supporting increases for transportation funding.

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Policy Issue

Please state the problem or issue.

Groundwater and surface water are connected, and we now have better scientific models to model the impact of various development options. Drawing down aquifers and rivers puts our future economy at risk. If one landowner pumps a lot of water, they may harm their neighbors, forcing them to drill deeper, affecting their property value. And they are reducing flows in the river. (The GRACE model is a new tool that provides data but needs to be interpreted at the local level.)

Please state the solution you are promoting for your issue.

Resolve groundwater/surface water laws in a way that uses the best available science but doesn’t diminish individual property rights.

Note: The Water for Arizona Coalition has a list of [priorities](#) worth supporting that overlap with this recommendation.

Sustainability Alliance NGO members supporting the recommendation							
Cornucopia	Friends of the Verde River	Gardens for Humanity	Healthy World Sedona	Keep Sedona Beautiful	Northern AZ Climate Change Alliance	Oak Creek Watershed Council	Sedona Recycles
X	X	X	X	X	x	x	X

Policy Issue Submittal Form

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Policy Issue

Please state the problem or issue.

Residents and visitors expect a high-quality recycling system. The State funds have been diverted from their intended use, undermining the recycling industry at the same time that the value of those materials has plummeted.

Please state the solution you are promoting for your issue.

Restore the Recycling Fund to its intended use.

Sustainability Alliance NGO members supporting the recommendation							
Cornucopia	Friends of the Verde River	Gardens for Humanity	Healthy World Sedona	Keep Sedona Beautiful	Northern AZ Climate Change Alliance	Oak Creek Watershed Council	Sedona Recycles
X		X	X	X	x		X

Policy Issue Submittal Form

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Policy Issue

Please state the problem or issue.

Based on current AZ law, it would be prohibitively expensive to revoke the rights for existing STRs, but their proliferation is undermining the well-being of many communities, turning them into de facto hotel districts, and driving up housing prices. Communities should be able to better manage these amenities. Distinctions should be made between people who rent out a room vs. houses renting out to numbers far beyond normal occupancy rates, parking facilities, etc. STRs also tend to create more waste. Increased traffic congestion also increases greenhouse gases beyond simply the additional cars on the road, increasing both idling and extended travel times.

Please state the solution you are promoting for your issue.

Grant local municipalities the power to determine the percentage of properties that can be STRs and set up systems to allocate those rights.

Sustainability Alliance NGO members supporting the recommendation							
Cornucopia	Friends of the Verde River	Gardens for Humanity	Healthy World Sedona	Keep Sedona Beautiful	Northern AZ Climate Change Alliance	Oak Creek Watershed Council	Sedona Recycles
X		X	X	X	x		X

Policy Issue Submittal Form

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- 2) Statements of general policy direction, such as supporting increases for transportation funding.

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Policy Issue

Please state the problem or issue.

Additional voting options may result in more representative candidates winning elections, which should enable the legislature to be more effective, reducing polarization. [Read about the system in Ireland and how it compares to the US.](#) You can see which states already use some form of rank choice voting [here](#).

Please state the solution you are promoting for your issue.

Investigate ways to upgrade our voting system to the 21st Century, including allowing independents to vote in primaries and considering rank choice voting and other voting options.

Sustainability Alliance NGO members supporting the recommendation							
Cornucopia	Friends of the Verde River	Gardens for Humanity	Healthy World Sedona	Keep Sedona Beautiful	Northern AZ Climate Change Alliance	Oak Creek Watershed Council	Sedona Recycles
X			X	X	x		X

Policy Issue Submittal Form

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- 2) Statements of general policy direction, such as supporting increases for transportation funding.

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Policy Issue

Please state the problem or issue.

In many ways, Arizona has been a model for voting rights successfully increasing access to voter registration through the DMV where credentials can be validated at the time of registration. The state also created the Permanent Early Voting List to allow voters the option of voting by mail. In addition, local recorders have leveraged federal and other funding to increase the number of ballot boxes where mail-in ballots can be dropped off securely. These strategies have resulted in high voter turnout while ensuring voting integrity. The state legislature, in the current session, has introduced a number of proposals which would restrict voting rights and limit the independence of local elected officials in managing the election process.

Please state the solution you are promoting for your issue.

We are proposing, as a matter of general policy direction, opposition to laws or other initiatives that would interfere with the authority of local elected officials to conduct elections or unnecessarily restrict citizens' access to voting.

Policy Issue Submittal Form

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Guidelines

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- 2) Statements of general policy direction, such as supporting increases for transportation funding.

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Policy Issue

Please state the problem or issue.

Water supplies are under many pressures: drought, development, etc. Many industries use potable or well water when recycled water would be fit for use. Cottonwood, for example, controls both water and wastewater utilities and has built a purple pipe system and has banned the use of potable water for construction. Sedona has a living biofiltration system and injects some of it back into the aquifer. Arizona has guidance about direct and indirect non-potable water.

Please state the solution you are promoting for your issue.

Create incentives for water recycling/reuse and green infrastructure for stormwater.

Note: The Water for Arizona Coalition has a list of [priorities](#) worth supporting that overlap with this recommendation.

Sustainability Alliance NGO members supporting the recommendation							
Cornucopia	Friends of the Verde River	Gardens for Humanity	Healthy World Sedona	Keep Sedona Beautiful	Northern AZ Climate Change Alliance	Oak Creek Watershed Council	Sedona Recycles
X	X	X	X	X	x	x	X



**CITY COUNCIL
AGENDA BILL**

**AB 2672
Regular Business
April 27, 2021**

Agenda Item: 8c

Proposed Action & Subject: Discussion/possible action regarding the use of FY21 salary savings and/or general fund contingency to fund a 2.8% salary adjustment for City employees, commensurate with western states consumer price index inflation. This would have been applied to the FY21 wage scales but was suspended due to COVID-19 related financial concerns.

Department City Manager's Office

Time to Present 10 Minutes

Total Time for Item 30 Minutes

Other Council Meetings N/A

Exhibits N/A

City Attorney Approval	Reviewed 4-20-21 KWC	Expenditure Required	
		\$	46,000 in FY21 299,000 ongoing full-year costs
City Manager's Recommendation	Approve a 2.8% salary adjustment for City employees, commensurate with Western States Consumer Price Index inflation.	Amount Budgeted	
		\$	200,000
		Account No. (Description)	10-5246-01-6761 (Spendable Contingencies – general contingency portion – General Fund)
		\$	100,000
		Account No. (Description)	59-5246-01-6761 (Spendable Contingencies – Wastewater Fund)
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: Effective FY19, the City's practice of providing annual cost-of-living wage adjustments (COLAs) was changed to strictly a merit-based system. This was done to reward the highest performing employees with higher increases than under the prior methodology.

Highest performing employees receive higher annual increases than what would have been received under the previous pay adjustment system and lower-performing employees do not automatically receive a COLA and possibly receive lower or no increases based on the results of their annual performance review. This was the case for both FY19 and FY20.

Given fears that the City would experience significant revenue shortfalls because of the pandemic, no wage increases were included in the fiscal year FY21 budget. If not for the pandemic, an approximate 4% increase to the overall Citywide salary budgets would have been included to fund normal merit adjustments for FY21. These normal escalators recognize employee performance, keep City wages commensurate with market comparables, and help offset normal inflationary increases.

Fiscal Year 2021 Financial Condition and COLA Request

Since adoption of the FY21 budget, not only has the City *not* experienced the projected revenue shortfalls, but it has seen unexpected growth in revenues, even over prior years. Through the first eight months of the fiscal year, sales tax collections were up 14%, and bed tax collections were up 23%. Despite the pandemic, this represents the highest first eight months of a fiscal year that the City has seen. Compared to budget, February sales tax exceeded estimates by 53%, and February bed tax exceeded estimates by 115%. Those estimates were prepared before any data was available about how strong Sedona's resurgence of tourism would be and given those assumptions, the wage and hiring freezes imposed a year ago made sense.

The City's financial condition is, and will be, continually monitored to ensure appropriate action is taken to scale back when necessary, but it now looks unlikely that revenues will decline as a result of the pandemic. Revenue projections for FY22, based on local data and other economic indicators, reflect continued increases.

Request for Compensation Adjustments

Given that no revenue shortfalls ever materialized and the City's financial recovery has far exceeded expectations, the City Council is being asked to approve a 2.8% wage adjustment for all employees hired prior to January 1, 2021 who have not been promoted or reclassified since that time and who earned a "meets" or "exceeds" on their last performance evaluation. The January 1st cutoff will recognize the ability for new hires/promotions to negotiate a more competitive wage based on market conditions including current cost of living. Salaries for employees hired prior to January 1st were more aligned with the FY20 pay scale and most of those are longer-standing employees that had no such opportunity to negotiate a salary increase or catch up with inflation.

The 2.8% COLA adjustment is based on the December 2019 Western Region Consumer Price Index. This is the amount that, if not for COVID, would have been applied to the FY21 pay scale and considered in the construction of the overall merit pool available for FY21. The December 2020 Western Region CPI that will be applied to the FY22 pay scale is 1.5%.

The value of a 2.8% COLA effective May 9, 2021 (pay date May 28, 2021) excluding new hires, promotions, and pay adjustments since January 1st is approximately \$46,000. The annualized value of the 2.8% COLA is \$299,000 and, if approved, will be built into the FY22 base budget.

Staff is proposing to use *up to* \$46K of the FY21 contingency budget to fund these adjustments. Because the conservative approach to dealing with the projected COVID shortfalls included initially freezing all discretionary positions, and because of the high turnover this year, many departments will have enough vacancy savings and will not need a budget transfer. Finance

will process whatever budget transfers are needed at the end of the year based on departments' bottom lines.

Additional Consideration

Since July 2020, the City has lost 20 employees out of approximately 140 full-time equivalents and continues to struggle with recruitment efforts in all positions. The current projection for employee turnover for FY21 is 16-17%. The table below includes Sedona turnover rates for the last five years. These figures do not include retirements or terminations. For comparison, the International City Manager's Association benchmark for turnover for 2016-2018 was 6.8% for all cities and 7.5% for cities under 30,000 population. Sedona is far exceeding those figures.

Employee Turnover

FY17	15.5%
FY18	5.1%
FY19	9.5%
FY20	10.9%
FY21 est.	16-17%

Further, City administration is seeing recruitments becoming more difficult because of the competitive job market, overall high local cost of living, and high cost and limited availability of housing. Anecdotally, after a nationwide recruitment for a Parks and Recreation Manager, the only viable candidate ultimately withdrew when the City could not compensate her commensurate with her current salary working for a suburban Phoenix city and sufficient to secure housing locally. The City's Deputy City Manager position yielded four viable candidates, two of which were out of state. Both out of state candidates withdrew after more serious consideration of the realities of local housing. The Public Works Assistant Director position yielded one viable candidate from the Prescott area who also withdrew when he realized he could not reasonably secure housing in the Verde Valley and make the move worthwhile. An offer was just made to a candidate for an Associate Engineer position, another position desperately needed to continue to advance SIM and other capital projects. She was offered a position with another community for a higher wage and has declined the City's offer. The City conducted first round interviews for the Community Development Director position and selected five finalists to advance to an in-person assessment center. Two of those candidates withdrew before the assessment center. After the remaining candidates completed the process, it was clear that none were viable candidates. We will go back out for all of these positions, but meanwhile existing staff are overtaxed. It is important to at least adjust wages commensurate with inflationary increases, if only to keep us from falling further behind.

As a service organization, our employees are our service. If the City does not take steps to maintain market competitiveness, it will continue to lose valuable employees, incur excessive costs in recruitment and training, suffer the effects of low employee morale, undergo the loss of valuable institutional knowledge, overload remaining staff, and struggle to provide the highest levels of service to our community and to advance policy priority initiatives.

As employee wages and salaries have remained stagnant, the same cannot be said for a variety of other costs of living. Over the past twelve months, employees have experienced an increase in health premium costs of 10%. Further, according to the Bureau of Labor Statistics in its March 2021 Consumer Price Index Summary, all consumers have experienced increases

in food and grocery costs (+4.8%), gas costs (+22.5%), and energy costs (+2.4%) in the previous 12 months.

Benchmark Survey

As part of the consideration of this proposal, the Human Resources Department (HR) recently requested information from Arizona cities and towns regarding their handling of cost of living and salary increases for FY21. Despite the pandemic, all but two respondents have provided additional compensation to their employees for the 2021 fiscal year (see below graph).

To stay competitive, it is recommended that Sedona offer similar increases to its employees.

City	Merit/range Adjustments FY21	COLA or Market Adjustments FY21	Other Increase Offered
Buckeye	2%	no	\$1,000 FT, \$500 PT
Bullhead City	1.30%	no	no
Camp Verde	no	no	\$1,250 FT, \$750 PT
Chandler	no	3%, 5% for sworn	no
Chino Valley	1%	up to 3%	no
Clarkdale	no	no	no
Coconino County	no	no	no
Cottonwood	no	no	4% FT, 2% PT
Flagstaff	2%	no	no
Goodyear	2.50%	no	no
Marana	no	3%	no
Mesa	no	3%	\$2,000 FT, \$1,000 PT
Oro Valley	no	3%	no
Page	no	no	\$1,000, \$2,000 for sworn
Paradise Valley	no	2% in Feb	no
Sahuarita	2%	no	1% if at top of scale
Scottsdale	2%	up to 3%	no
Show Low	no	3%	no
Sierra Vista	no	2%	no
Surprise	no	3.50%	no
Yavapai County	4%	no	no

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Council could choose not to provide for a merit adjustment which may result in continued high turnover rates and/or the need to do further “catch-up” with City wages in future budgets.

MOTION

I move to: approve a 2.8% salary adjustment for City employees hired prior to January 1, 2021, consistent with the parameters outlined in the agenda bill, and effective May 9, 2021.



**CITY COUNCIL
AGENDA BILL**

**AB 2646
April 27, 2021
Regular Business**

Agenda Item: 8d
Proposed Action & Subject: Discussion/possible direction/action regarding proposed State legislation and its potential impact on the City of Sedona.

Department	Legal
Time to Present	15 Minutes
Total Time for Item	30 Minutes
Other Council Meetings	January 26, 2021, February 9, 2021, February 23, 2021, March 9, 2021, March 23, 2021, April 13, 2021
Exhibits	None

City Attorney Approval	Reviewed 4-20-21 KWC	Expenditure Required	
		\$	0
City Manager's Recommendation	None.	Amount Budgeted	
		\$	0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: During the course of the State Legislative Session, many bills are introduced that have a potential impact on the City of Sedona. The League of Arizona Cities and Towns and City staff routinely monitor bills of interest as they progress through the legislative process.

This item is scheduled to provide a summary update on relevant bills, to answer questions that the City Council may have regarding any individual bill, and to consider the need for the City Council to take a formal position in support or opposition of any particular bill.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: for informational purposes only unless there is a preference to take a position on a particular issue.



**CITY COUNCIL
AGENDA BILL**

**AB 2571
April 27, 2021
Regular Business**

Agenda Item: 8e
Proposed Action & Subject: Discussion/possible direction regarding issues surrounding the COVID-19 pandemic and the City's response.

Department	City Manager
Time to Present	15 minutes
Total Time for Item	30 minutes
Other Council Meetings	March 24, 2020, April 14, 2020, April 28, 2020, May 12, 2020, May 26, 2020, June 9, 2020, June 23, 2020, July 14, 2020, July 28, 2020, August 11, 2020, September 8, 2020, September 22, 2020, October 13, 2020, October 27, 2020, November 10, 2020, November 24, 2020, December 9, 2020, January 12, 2021, January 26, 2021, February 9, 2021, February 23, 2021, March 9, 2021, March 23, 2021, April 13, 2021
Exhibits	None

City Attorney Approval	Reviewed 4-20-21 KWC	Expenditure Required	
		\$	0
City Manager's Recommendation	For discussion and possible direction only.	Amount Budgeted	
		\$	0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: This item was added to ensure opportunity to discuss the latest updates with the COVID-19 pandemic and the City's response.

The City continues regular communication with state and county health departments, hospitals, other healthcare providers, emergency responders, emergency managers, and policy experts.

City staff continues to evaluate how the economic slowdown will impact City finances. Staff will be prepared to discuss the latest revenue data and forecasts.

During the meeting staff will present up to date information on COVID-19 related data, regulatory changes, and news on city finances.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): N/A

MOTION

I move to: for discussion and possible direction only.