

# SACRAMENTO TRANSPORTATION AUTHORITY

## AUDITOR SERVICES AGREEMENT

**THIS AGREEMENT** is made at Sacramento, California, as of June 16, 2011 by and between the Sacramento Transportation Authority (“STA”), a local transportation authority formed pursuant to California Public Utilities Code section 180000 et seq. and James Marta & Company (“Auditor”), a California partnership.

### RECITALS

WHEREAS, STA is required under California Public Utilities Code section 180105(c) to “cause a postaudit of the financial transactions and records of the authority to be made at least annually by a certified public accountant”;

WHEREAS, the STA Board of Directors desires to retain a qualified auditor to perform a review of STA’s financial records for the purpose of rendering an opinion and making recommendations on the adequacy of the STA’s internal controls and financial reporting and compliance with applicable laws and regulations;

WHEREAS, Auditor possesses the experience, knowledge and qualifications necessary to perform, prepare and deliver a quality audit that will objectively evaluate the fair presentation of the financial statements and the internal control over financial reporting;

WHEREAS, STA is authorized to enter into such an agreement pursuant to California Public Utilities Code section 180152.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, STA and Auditor agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, Auditor shall provide to STA the services described in Exhibit A. Auditor shall provide said services at

the time, place, and in the manner specified in Exhibit A. The Auditor shall not be compensated for services outside the scope of Exhibit A unless prior to the commencement of such services: (a) Auditor notifies the STA that such service is deemed an additional service and Auditor estimates the additional compensation required for this activity; and (b) the STA, after notice, approves the additional service and amount of compensation therefor.

2. **Payment.** STA shall pay Auditor for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit B. The payments specified in Exhibit B shall be the only payments to be made to Auditor for services rendered pursuant to this Agreement unless, pursuant to paragraph 1 above, STA approves additional compensation for additional services. Auditor shall submit all billings for said services to STA in the manner specified in Exhibit B; or, if no manner be specified in Exhibit B, then according to the usual and customary procedures and practices which Auditor uses for billing clients similar to STA.

3. **Facilities and Equipment.** Except as set forth in Exhibit C, Auditor shall, at its sole cost and expense, furnish all facilities and equipment which may be required for furnishing services pursuant to this Agreement. STA shall furnish to Auditor only the facilities and equipment listed in Exhibit C according to the terms and conditions set forth in Exhibit C.

4. **General Provisions.** The general provisions set forth in Exhibit D, which include insurance requirements, are part of this Agreement. In the event of any inconsistency between said general provisions and any other terms or conditions of this Agreement, this Agreement shall control over the general provisions.

5. **STA Representative.** The STA Representative specified in Exhibit A, or the representative's designee, shall administer this Agreement for the STA.

6. **Exhibits.** All exhibits referred to herein are attached hereto and are by reference incorporated herein.

Executed as of the day first above stated.

Sacramento Transportation Authority

James Marta & Company

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Brian A. Williams  
Executive Director

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James P. Marta  
Principal

Approved As To Form:

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General Counsel

Attachments:

- Exhibit A - Representatives and Services to be Provided
- Exhibit B - Fee Schedule and Manner of Payment
- Exhibit C - Facilities and Equipment to be provided by STA
- Exhibit D - General Provisions

# SACRAMENTO TRANSPORTATION AUTHORITY

## EXHIBIT A

### AUDITOR SERVICES AGREEMENT

#### REPRESENTATIVES AND SERVICES TO BE PROVIDED

1. **Representatives:**

The STA Representative for this Agreement is:

**Lisa Chandler      Senior Accountant      (916) 323-0080**

All Auditor's questions pertaining to this agreement will be referred to the above named person or the representative's designee.

The Auditor's Representative for this Agreement is:

**James Marta      Principal      (916) 993-9494**

All STA questions pertaining to this Agreement will be referred to the above named person. All correspondence to the STA will be addressed to:

Sacramento Transportation Authority  
431 I Street, Suite 106  
Sacramento, CA 95814  
Attn: Lisa Chandler, Executive Director

2. **Services to be provided:**

The Auditor shall make an examination of the financial statements of the STA and Sacramento Abandoned Vehicle Service Authority ("SAVSA") for the fiscal year ended June 30, 2011. The examination shall be made in accordance with generally accepted auditing standards, and will include all procedures necessary for the rendition of an opinion regarding the accuracy and completeness of the presentation of the financial statements in accordance with generally accepted accounting principles.

The examination shall also include a determination of compliance with the terms and definitions of the applicable laws, rules and/or regulations of Public Utilities Code Division 19, the Measure A Ordinance and Expenditure Plan, the California Vehicle Code Section 22710, and all applicable contracts.

A representative examination of the Measure A entities and the SAVSA entities will be made to ensure compliance with applicable laws and with their Measure A and SAVSA contracts with STA. The examination will include:

- a. a study and evaluation of each entity's system of internal control;
- b. a proper test of each entity's accounting records and other financial records;
- c. a review of each entity's accounting system in operation.

It is recognized that STA has the responsibility for the proper recording of transactions in the books of account, for the safeguarding of assets, and for the substantial accuracy of the financial statements. Such statements are the representations of STA and will be typed in final by the STA.

The objective of the audit is the expression of an independent opinion on the STA and SAVSA financial statements—per auditing standards established by the American Institute of Certified Public Accountants—to conclude that the financial statements are fairly presented in accordance with generally accepted accounting principles. In conjunction with the audit, Auditor will evaluate STA's internal control over financial reporting for the purpose of expressing an opinion on the financial statements. Any internal control or other financial reporting issues noted during the audit will be communicated to the STA's management and governing board. The ability of Auditor to express that opinion will be dependent on the facts and circumstances on the date of that opinion. If the opinion is other than unqualified, the reasons therefore will be fully disclosed.

Audit work will begin in September 2011. Two draft copies of the combined audit reports, internal control reports, management letters, and agreed-upon-procedures reports for each Measure A and SAVSA entity are required by November 21, 2011. Three copies of the final reports shall be delivered to the STA no later than December 16, 2011. These due dates may be extended only upon mutual consent of both STA's and Auditor's representatives.

# SACRAMENTO TRANSPORTATION AUTHORITY

## EXHIBIT B

### AUDITOR SERVICES AGREEMENT

#### FEE SCHEDULE AND MANNER OF PAYMENT

STA shall pay Auditor for services rendered pursuant to this Agreement a total sum, based on actual time, not to exceed \$52,600.00. Auditor may submit progress billings not more often than monthly based on actual time incurred at the following hourly rates:

Principal/Director	\$220.00
Manager	\$140.00
Auditor-in-Charge	\$110.00
Staff	\$ 95.00

STA shall make no payment for extra, further or additional services or expenses pursuant to this Agreement unless such services or expenses and the price thereof are agreed to in advance and such agreement is reduced to writing and executed by Auditor and STA.

Request for payment to Auditor shall be sent to:

Sacramento Transportation Authority  
431 I Street, Suite 106  
Sacramento, CA 95814  
Attn: Lisa Chandler, Senior Accountant

# **SACRAMENTO TRANSPORTATION AUTHORITY**

## **EXHIBIT C**

### **AUDITOR SERVICES AGREEMENT**

#### **FACILITIES AND EQUIPMENT TO BE PROVIDED BY STA**

STA shall furnish facilities and equipment as may be required for Auditor's use in quality, quantity, and location as STA, in its sole discretion, determines to be appropriate. Such facilities may include a desk(s) or table(s), private workspace, office supplies and equipment, and telephone.

Except as previously set forth, Auditor shall, at his/her sole cost and expense, furnish all other facilities and equipment which may be required to provide services pursuant to this Agreement.

# SACRAMENTO TRANSPORTATION AUTHORITY

## EXHIBIT D

### AUDITOR SERVICES AGREEMENT

#### GENERAL PROVISIONS

1. **Independent Contractor.** At all times during the term of this Contract, Auditor shall be an independent Contractor and shall not be an employee of the STA. STA shall have the right to control Auditor only insofar as the results of Auditor's services rendered pursuant to this Contract; however, STA shall not have the right to control the means by which Auditor accomplishes services rendered pursuant to this Agreement.

Auditor acknowledges and agrees that Auditor is not entitled to receive any STA employee benefits, including but not limited to, medical, dental, and retirement benefits, life and disability insurance, sick leave or any other similar benefits provided to STA employees.

2. **Licenses; Permits; Etc.** Auditor represents and warrants to STA that Auditor has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Auditor to practice its profession. Auditor represents and warrants to STA that Auditor shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any licenses, permits, and approvals which are legally required for Auditor to practice its profession.

3. **Time.** Auditor shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of Auditor's obligations under this Agreement. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

It is the intent of the Auditor and STA to issue the draft audit reports of the STA, SAVSA, and agreed upon procedures of Measure A and SAVSA entities no later than November 21, 2011. It is the intent of the Auditor and STA that final reports and agreed upon procedures be issued by December 16, 2011.

4. **Auditor Not Agent.** Except as STA may specify in writing, Auditor shall have no authority, express or implied, to act on behalf of STA in any capacity whatsoever as an agent. Auditor shall have no authority, express or implied, pursuant to this Agreement to bind STA to any obligation whatsoever.

5. **Assignment Prohibited.** No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.



6. **Personnel.** Auditor shall assign only competent personnel to perform services pursuant to this Agreement. In the event that STA, in its sole discretion, at any time during the term of this Agreement, desires the removal of any person or persons assigned by Auditor to perform services pursuant to this Agreement, Auditor shall remove any such person immediately upon receiving notice from STA of the desire of STA for the removal of such person or persons.

7. **Standard of Performance.** Auditor shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in California. All products that Auditor delivers to STA pursuant to this Agreement shall be prepared in a professional manner and conform to the standards of quality normally observed by a person practicing in Auditor's profession.

8. **Termination.** STA shall have the right to terminate this Agreement for convenience at any time by giving written notice of such termination to Auditor. In the event STA gives such notice of termination, Auditor shall immediately cease rendering services pursuant to this Agreement.

In the event STA terminates this Agreement:

(1) Auditor shall deliver copies of all writings prepared by it pursuant to this Agreement. The term "writings" shall be construed to mean and include:

handwriting, typewriting, printing, photocopying, photographing, and every other means of recording upon any tangible thing any form of communication or representation including letters, works, pictures, drawings, sounds, symbols, or combinations thereof.

(2) STA shall have full ownership and control of all such writings delivered by Auditor pursuant to this Agreement.

(3) STA shall pay Auditor the reasonable value of services rendered by Auditor pursuant to this Agreement; provided, however, STA shall not in any manner be liable for lost profits which might have been made by Auditor had Auditor completed the services required by this Agreement. In this regard, Auditor shall furnish to STA such financial information as in the judgment of the STA Representative is necessary to determine the reasonable value of the services rendered by Auditor. In the event of a dispute as to the reasonable value of the services rendered by Auditor, the decisions of the Executive Director of the STA shall be final. The foregoing is cumulative and does not affect any right or remedy which STA may have in law or equity.

**Termination for Cause:** STA shall have the right to terminate this Agreement in the event of a material breach by Auditor. In the event of such termination, STA shall provide written notice to Auditor, at which time Auditor shall immediately cease rendering services under this

Agreement. STA shall not be required to make payment or compensation to Auditor in the event of a material breach of the terms of this Agreement.

9. **Equal Employment Opportunity.** During the performance of this agreement, Auditor, for itself and successors in interest, agrees as follows:

- A. **Compliance with Regulations:** Auditor shall comply with the Executive Order 11246 entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60), hereinafter referred to as the "Regulations".
- B. **Nondiscrimination:** Auditor, with regard to the work performed by it after award and prior to completion of the work pursuant to this Agreement, shall not discriminate on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual preference in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Auditor shall not participate either directly or indirectly in discrimination prohibited by the Regulations.
- C. **Solicitations for Subcontractors, Including Procurements of Materials and Equipment:** In all solicitations either by competitive bidding or negotiations made by Auditor for work to be performed under any subcontract, including procurement of materials or equipment, each potential subcontractor or supplier shall be notified by Auditor of Auditor's obligation under this Agreement and the Regulation relative to nondiscrimination on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual preference.
- D. **Information and Reports:** Auditor shall provide all existing information and reports required by Regulations, or orders and instructions issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the STA to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of Auditor is in the exclusive possession of another who fails or refuses to furnish this information, Auditor shall so certify to the STA, and shall set forth what efforts it has made to obtain the information.
- E. **Sanctions for Noncompliance:** In the event of noncompliance by Auditor with the nondiscrimination provisions of this Agreement, the STA shall impose such contract sanctions as it may determine to be appropriate including, but not limited to:
  - (1) Withholding of payments to Auditor under contract until Auditor complies;
  - (2) Cancellation, termination, or suspension of the Agreement, in whole or in part.

F. **Incorporation of Provisions:** Auditor shall include provisions of Paragraphs A through E above in every subcontract, including procurements of materials and leases of equipment, unless exempted by Regulations, order, or instructions issued pursuant thereto. Auditor shall take such action with respect to any subcontract or procurement as the STA may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Auditor becomes involved in, or are threatened with, litigation with a subcontractor or supplier as a result of such direction, Auditor may request that STA enter such litigation to protect the interests of STA.

10. **Insurance Requirements.** During the duration of this Agreement, Auditors shall maintain the following noted insurance:

Broad Form Comprehensive Liability

Business Auto Liability

Workers' Compensation & Employers' Liability

Professional Liability (Errors and Omissions)

A. **Minimum Scope of Insurance**

Coverage shall be at least as broad as:

- (1) Broad Form Comprehensive General Liability;
- (2) Automobile Liability, code 1 "any auto";
- (3) Workers' Compensation as required by the Labor Code of the State of California, and Employers' Liability Insurance;
- (4) Professional Liability (Errors and Omissions) insurance against loss due to error, omissions, or malpractice.

B. **Minimum Limits of Insurance.**

Auditor shall maintain limits no less than:

- (1) Comprehensive General Liability: \$1,000,000 combined single limit per occurrence for bodily injury and property damage.
- (2) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

- (3) Workers' Compensation and Employers' Liability: Workers' compensation limits as required by the Labor Code of the State of California.
- (4) Professional Liability (Errors and Omissions): \$1,000,000 combined single limit per occurrence.

C. **Deductibles and Self-Insurance Retentions.**

Any deductibles or self-insured retentions must be declared to and approved by the STA.

D. **Other Insurance Provisions.**

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

(1) General Liability and Automobile Liability Coverages

- a. The STA, its officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Auditor; products and completed operations of the Auditor; premises owned, leased or used by the Auditor; or automobiles owned, leased, hired or borrowed by the Auditor. The coverage shall contain no special limitations on the scope of protection afforded to the STA, its officials, employees or volunteers.
- b. The Auditor's insurance coverage shall be primary insurance as respects the STA, its officials, employees and volunteers. Any insurance or self-insurance maintained by the STA, its officials, employees, or volunteers shall be in excess of Auditor's insurance and shall not contribute with it.
- c. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the STA, its officials, employees, or volunteers.
- d. Coverage shall state that Auditor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respects to the limits of the insurer's liability.

(2) Workers' Compensation and Employers' Liability Coverages

The insurer shall agree to waive all rights of subrogation against the STA, its officials, employees and volunteers for losses arising from work performed by Auditor for the STA. This requirement may, however, be waived in individual cases at the discretion of the STA.

(3) All Coverages

Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits without thirty (30) days prior written notice by certified mail, return receipt requested, given to the STA.

E. **Acceptability of Insurers.**

Insurance is to be placed with insurers with a Bests' rating of no less than A:XIII. This requirement may, however, be waived in individual cases, provided, however, that in no event will a carrier with a rating below A:X be acceptable.

F. **Verification of Coverage.**

Auditor shall furnish the STA with certificates of insurance and with original endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms acceptable to the STA and are to be forwarded to the STA Representative named in Exhibit A.

G. **Payment Withhold.**

The STA will withhold payments to Auditor if certificates of insurance and endorsements required in Paragraph F above have not been provided.

11. **Access and Retention of Audit Working Papers.**

Upon authorization from the STA Representative, Auditor shall provide for access to the audit working papers to the STA staff, STA Governing Board or its designee, other government audit staff, Federal Government Accounting Office, and those specifically authorized by the STA Representative. Auditor shall provide for the retention of the audit working papers for at least three years after the date of the audit reports, or longer if requested by the STA staff or Governing Board.

12. **Disclosure of Lobbying Activities**

Auditor certifies, by signing this contract, to the best of its knowledge, that:

(A) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation,

renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(B) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities" in accordance with its instructions.

13. **Indemnification.**

For professional services provided under this Agreement, Auditor shall indemnify, defend, and hold harmless the STA, its Governing Board, officers, directors, agents, employees, and volunteers from and against any and all claims, demands, actions, losses, liabilities, damages and costs, including reasonable attorneys' fees, arising out of or resulting from the negligent performance of the professional services under this Agreement.