

**MONTEREY PENINSULA AIRPORT DISTRICT
PROFESSIONAL AUDITING SERVICES
REQUEST FOR PROPOSAL 2019-01**

The Monterey Regional Airport staff (Airport) is soliciting proposals from qualified firms of Certified Public Accountants to audit the Airport's Financial Statements, **Request for Proposal** on behalf of the Board of Directors.

The audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the Federal Single Audit Act of 1984 and Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, Auditing of State and Local Governments as well as applicable Federal, State, Local and Revenue Bond Resolution Audit Requirements.

1. Term of Engagement

This solicitation may result in an initial three (3) year agreement with a two (2) year renewal option subject to a performance review.

2. Nature of Services Required

2.1 General

The Airport is soliciting the services of qualified firms of Certified Public Accountants to audit its Financial Statements for the fiscal years ending June 30. These audits are to be performed in accordance with the provisions contained in this Request for Proposals.

Macias Gini and O'Connell have been the District's designated auditors for the past five years. Field work is approximately between two to three weeks. The Airport has also implemented remote document sharing to reduced field work.

2.2 Scope of Work to be Performed

The Airport desires the auditor to express an opinion on the fair presentation of its general-purpose financial Statements in conformity with generally accepted accounting principles.

The auditor is required to audit the supporting schedules contained in the comprehensive annual financial report. The auditor is not required to audit the statistical section of the report.

The auditor shall prepare Federal Financial Assistance audit reports, as required by OMB Circular A-133, that contain (1) a description of the scope and results of procedures performed with respect to applicable requirements for each major federal program that includes an opinion on compliance, (2) an opinion, based on their audit, on the schedule of expenditures of federal awards, and (3) an auditors' schedule of findings and questioned costs.

2.3 Auditing Standards to be Followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with generally accepted auditing standards 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, the provisions of the Single Audit Act of 1984 and Amendments of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments.

2.4 Reports to be Issued

Following the completion of the audit of the fiscal year's financial Statements, the auditor shall issue:

1. A report on the fair presentation of the Financial Statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. A report on the schedule of Federal financial assistance.
5. A report on compliance with general requirements applicable to Federal financial assistance program.
6. A report on compliance with specific requirements applicable to Federal financial assistance programs.
7. The auditor shall communicate in a letter to management 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 that 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.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management that shall be referred to in the report(s) on internal controls.

The reports on compliance shall include all instances of non-compliance irregularities and illegal acts. 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 Airport's Board of Directors.

8. Reporting to the Board of Directors:

Auditors shall assure the District is informed 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.

2.5 Special Considerations

1. The Airport has determined that the United States Department of Transportation (Federal Aviation Administration) will function as the cognizant agency in accordance with the provisions of the Single Audit Act of 1984 and Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments.

2. The schedule of Federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance, are to be issued as part of the comprehensive annual financial report.
3. The Airport may require the auditor's assistance to comply with any new reporting requirements.

a. **Working Paper Retention and Access to Working Papers**

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the Airport of the need to extend the retention period. The auditor shall be required to make working papers available, upon request, to the following parties or their designees:

1. Monterey Regional Airport
2. Department of Transportation (Federal Aviation Administration)
3. U.S. General Accounting Office (GAO)
4. Parties designated by the Federal or State governments or by the Airport as part of an audit quality review process.

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

3. **Description of the Government**

3.1 **Principal Contact**

The auditor's principal contact with the Airport following any resulting contract award will be the Airport's Executive Director, or a designated representative, who will coordinate the assistance to be provided by the Airport to the auditor. An organizational chart is included in the Comprehensive Annual Financial Statement.

3.2 **Background Information**

The District was created on March 22, 1941, by the passage of State Senate Bill No. 1300 that authorized an independent public airport district, which would qualify for federal funds. The District's enabling act was revised effective January 1, 2007; the revision updated the archaic language and provisions to allow the District to function more efficiently. The District is governed by five directors elected by voters at large residing in Monterey, Pacific Grove, Del Monte Forest, Pebble Beach, Carmel-by-the-Sea, greater Carmel, the west end of Carmel Valley, Del Rey Oaks, Sand City, and Seaside. The District employs an Executive Director as its Chief Executive and a Corporate Legal Counsel.

On December 12, 2018 the District adopted Ordinance 924 which modified the current at-large electoral system to a by-district election for members of the Board of Directors. Beginning with the general municipal election in November 2020, Board Members shall be elected in the electoral districts reflected on the map shown as Exhibit A to the ordinance.

The Monterey Regional Airport (Airport), 501 acres, has two parallel, east-west runways. The primary runway, 10R/28L, is 7,175 feet long and 150 feet wide. It is used by commercial and business aircraft and is equipped for instrument landings with a Category I instrument landing system on runway 10R. The secondary runway, 10L/28R, is 3,500 feet long and 65 feet wide, used solely by general aviation aircraft.

During FY18 and FY17, four commercial airlines served the airport with scheduled flights. Alaska, American Airlines, and United Express provided non-stop service to four gateway hubs: Los Angeles, Phoenix, San Diego and San Francisco. Allegiant operated non-stop service, two days per week, to Las Vegas.

In FY19 United Express added 2 daily non-stop flights to Denver and American Airlines added one non-stop flight to Dallas. Both Airlines are receiving fee reductions under the District's Air Carrier Incentive Program.

There is a strong general aviation presence on the airfield. Two full-service fixed-based operators, Del Monte Aviation and Monterey Jet Center, and other aviation tenants provide aircraft line services, fuel, aircraft storage, maintenance, flight instruction, and aircraft rentals.

3.3 Fund Structure

The District is structured as an enterprise fund. District financial statements are prepared using the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized when incurred. Costs are recovered through airport rents from tenants, landing and fuel fees, and other charges. Capital improvements are funded from three sources: (1) Federal grants from the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP) derived from a 10% tax on the airline tickets; (2) Passenger Facility Charges (PFC) collected for each enplaned passenger at the point of origin and one intermediate-stop; and (3) District contributed funds. Capital assets are capitalized and depreciated, except land and construction in progress, over their useful lives.

3.4 Budgetary Basis of Accounting

The Airport prepares its budgets on a basis consistent with the Local Budget Act for the State of California.

3.5 Federal and State Financial Assistance

Currently in the 2018-19 fiscal year, the Airport is receiving the following financial assistance:

Federal Aviation Administration Construction Grants

AIP 3060159067-2018

Safety Area Improvements

AIP 3060159065-2017

EA Disadvantage Business Enterprise Disparity Study

AIP 3060159066-2017

EA Airfield Lighting and Vault Upgrades

AIP 3060159064-2016

EA Safety Enhancement Project

AIP 3060159062-2015

EA Infield Rehabilitation

3.6 Pension Plans

The Airport participates in the California Public Employee's Retirement System.

3.7 Airport Organization Chart and Personnel

Attached in Exhibit F is an overview of the District's organizational structure and staffing.

3.8 Computer Systems and Applications

All financial transactions are processed through an integrated software accounting system for the following functions:

Sage MAS 100: Accounts Receivable/Invoicing, Accounts Payable, General Ledger and Financial Reporting.

ADP: Payroll and Tax Reporting.

Sage MAS 100 Job Cost Management: Capital Projects and Grant Projects. Airport staff also extensively use Microsoft 365 Office productions

3.9 Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters visit:

<https://montereyairport.specialdistrict.org/audited-financial-reports>

The Airport will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this Request for Proposals.

4. **Timelines**

4.1 **Fiscal Year 2018 Audit Schedule**

Schedule for the 2018 Fiscal Year Audit (a similar time schedule shall be developed for audits of subsequent fiscal years if the Airport exercises its option for additional audits).

Each of the following should be completed by the auditor no later than the dates indicated:

1. Interim Work

The auditor may commence interim work as mutually agreed to by the firm and the Airport.

2. July – August

The Airport will prepare all schedules for the audit.

3. Fieldwork - August

4.2 **Due Date for Draft and Final Reports**

The Airport shall prepare draft financial statements, note and all required supplementary schedules and statistical. The auditor shall provide all recommendations, revisions and suggestions for improvement to the Airport.

Draft financial statements should be available for the Board of Directors no later than the second Monday in October for each audit period.

The final report should be delivered to the Airport for Board of Directors presentation not later than second Wednesday of November for each audit period.

5. **Auditor Assistance and Final Report Preparation**

5.1 **Finance Department and Clerical Assistance**

The Finance Department staff and responsible management personnel shall be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the Airport.

5.2 **Financial Statements and Schedules**

Financial statements and schedules will be prepared by the staff of the Airport.

5.3 Work Area, Network Printers, Photocopying and FAX Machines

The Airport shall provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to Network Printers, photocopying facilities and FAX machines. Report Preparation.

5.4 Report Preparation

Final report preparation, editing and printing shall be the responsibility of the Auditor.

6. RFP Submission Deadlines

Proposals and any addenda thereto shall be submitted by the Proposer in hard copy. It is mandatory that proposals be signed by a duly authorized representative of the Proposer and be received, by the Executive Director not later than **4:00 p.m., Pacific Standard Time (PST), March 4, 2019**. Proposals will be accepted if date and time stamped on or before 4:00 p.m.; date and time stamps of 4:00:01 p.m. or later will be rejected.

The following schedule has been established for this selection process:

ACTIVITY	COMPLETION DATE
Request for Proposal Available	January 18, 2019
Written Questions Due	February 1, 2019
Written Responses to Questions Issued	February 15, 2019
Proposals Due	March 4, 2019
Short List Interviews (if necessary)	March 18, 2019
Selected Firm Notification	April 1, 2019
Contract Award	April 8, 2019

- A. Late proposals shall be disqualified from consideration. The timely and accurate submission of a proposal is the sole responsibility of the Proposer.
- B. Sealed hard copy and e-mail proposals shall be opened in the Airport Administrative Offices at 4:00 p.m. PST, Wednesday, March 4, 2019. Only the names of firms submitting proposals shall be read at this time.
- C. Proposal information shall be kept confidential pending subsequent evaluation and negotiation. Proposal contents shall only be released once the agenda has been posted for award consideration of a contract by the Board of Trustees.
- D. The Airport reserves the right to negotiate any terms and conditions of proposals received prior to acceptance/rejection of said proposal or contract resulting from proposal.

- E. Six (6) hard copies (one original and five photocopies) of the proposal and any addenda thereto shall be enclosed in a sealed envelope addressed to the Executive Director 200 Fred Kane Drive, Suite 200, Monterey, California 93940 or delivered to the office in person. Proposal envelope must indicate the name and address of the Proposer, Request for Proposal RFP 2019-01, and the opening date.

The Airport assumes no responsibility for errant delivery of proposals, including those relegated to a courier agent who fails to deliver in accordance with the time and receiving point specified.

The Airport shall not be responsible for the opening of a proposal prior to the submission deadline that is not properly addressed or identified.

- F. Proposals submitted by telephone or facsimile will not be accepted.
- G. All proposals shall be submitted in a form and manner as indicated in this Request for Proposal document and by the proposal forms. Any proposal that is not submitted in a form and manner indicated by the Request for Proposal document and proposal forms or that contain information, statements, conditions, or qualifications that place conditions or qualifications on the proposal submittal for purposes of making an award, or that alter any proposal terms, conditions, specifications, or forms that had not previously been approved by written addendum issued by the Executive Director, or that does not meet legal requirements, shall be declared as a qualified, conditional, or non-responsive proposal and may be rejected without further consideration. Any proposal response that does not fully respond to and comply with all of the detailed terms, conditions, specifications or any requests for information including the execution of the proposal forms may be declared non-responsive by the Airport and rejected without further consideration. The Airport shall not be responsible for errors or omissions of the proposer.

7. Proposal Information Requirements

Proposals shall be submitted in hard copy form and must contain all the information stated in Section 7 of this RFP. The Proposer is required to provide a letter signed by a representative empowered to enter into contracts on behalf of Proposer. The proposal must include the following:

- 7.1 One original and five hard copies of the Technical Proposal must include the following:
- 7.1.1 Title Page
Title page showing the Request for Proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
 - 7.1.2 Table of Contents
 - 7.1.3 Transmittal Letter

A signed letter of transmittal briefly stating the proposer understands of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement.

7.1.4 Detailed Proposal

The detailed proposal is required to follow the order set forth in Section 8 of this Request for Proposals.

7.1.5 Executed copies of Proposer's Certification, attached to this Request for Proposals. See Exhibit A.

7.2 The proposer shall submit an original and one copy of a dollar cost bid (Appendix C) in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID PROPOSAL
FOR
Monterey Peninsula Airport District
Professional Audit Services
Request for Proposal 2019-01
June 30, 2019, 2020 and 2021
Due March 4, 2019 4:00 PM PST

8. Technical Proposal

8.1 General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firm seeking to undertake an independent audit of the Airport in conformity with the requirements of this Request for Proposals. As such, the substance of proposals will carry more weight than the form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Proposals requirements.

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

The Technical Proposal should address all the points outlined in the Request for Proposals (excluding any cost information that should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the Request for Proposals. While additional data may be presented, the following subjects, items 2 through 10, must be evaluated.

8.2 Independence

The firm shall provide an affirmative statement that is independent of the Airport as defined by generally accepted auditing standards/the U.S. General Accounting Office's Government Auditing Standards.

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

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

8.3 License to Practice in California

An affirmative statement shall be included that the firm and all assigned key professional staff are properly registered and/or licensed to practice in California.

8.4 Firm Qualifications and Experience

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

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

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

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

8.5 Audit Partner, Supervisory and Staff Qualifications and Experience

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

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

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

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

8.6 Similar Engagements with other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this Request for Proposal.

These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners and supervisors, total hours, and the name and telephone number of the principal client contact.

8.7 Specific 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 Paragraph 2 of this Request for Proposal. In developing the work plan, reference should be made to such sources of information as the Airport's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers are required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample size and the extent to which statistical sampling is to be used in the engagement.

- d. Extent of use of Electronic Data Processing software in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the Airport's internal control structure.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

8.8 Identification of Anticipated Potential Audit Problems

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

8.9 List any exceptions to the requirement of the proposal

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

9. Sealed Dollar Cost Proposal

9.1 Total All-Inclusive Maximum Price

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

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

The first page of the sealed dollar cost bid should include the following information:

9.1.1 Name of Firm.

9.1.2 Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Airport.

9.1.3 A total all-inclusive maximum annual price for the 2019, 2020 and 2021 engagements. Proposers to utilize Exhibits B through F to provide this information.

9.2 Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix C) that supports the total all-inclusive maximum price.

9.3 Out-of-pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

9.4 Rates for Additional Professional Services

If it should become necessary for the Airport to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations, then such additional work shall be performed only if set forth in an addendum to the contract between the Airport and the firm. Any such additional work agreed to between the Airport and the firm shall be performed at the same rates as set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

9.5 Manner of Payment:

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. The Airport's payment terms are Net 30.

10. Late Proposal

A proposal received after the receiving time specified shall be rejected.

11. Withdrawal of Proposal

A proposal may be withdrawn by written, e-mail, or facsimile notice provided such notice is received prior to the date and time set for the proposal opening. A request for withdrawal of a proposal after award shall not be considered.

12. Validity Period

Pricing formulas submitted in response to this Request for Proposal solicitation are required to be valid through April 30, 2019.

13. Award of Proposal

Award of proposal shall be made on the basis of the proposal that is most advantageous to the Airport. In all instances, the decision rendered by the Airport shall be final.

13.1 The Airport reserves the right to reject any or all proposals, or parts thereof, and to waive any informalities or irregularities.

13.2 The Airport reserves the right to hold proposals for a period of ninety (90) days from the date of opening before awarding or rejecting said proposals.

13.3 A contract shall not be assigned to any other person or entity without the consent of the Airport. Requests for assignment shall be submitted, in writing, to the Manager of Purchasing and Materials Management.

14. Questions/Clarifications

Questions regarding the Request for Proposal shall be directed to Executive Director, 200 Fred Kane Drive, Suite 200, Monterey, California 93940 or ybazor@montereyairport.com and must be submitted not later than February 1, 2019.

14.1 Communications from prospective Proposers, such as in person, by telephone, voice-mail, electronic mail, facsimile or other similar means, to any Trustee, officer, agent or employee of the Airport, other than the Executive Director, are prohibited. Except for inquiries directed through the Executive Director, the Airport, through its officers and employees, will not meet nor otherwise communicate individually with prospective Proposers. The Airport may, at its sole discretion, disqualify any Proposer who fails to observe this requirement.

14.2 If any questions or responses require revision to this solicitation as originally published, such revisions will be by formal addendum only.

15. Request for Proposal Document and Addenda

Copies of the Request for Proposal document and all addenda issued thereto may be obtained directly from the Monterey Regional Airport website at:

<https://montereyairport.specialdistrict.org/legal-notices>

16. Addenda

The Airport RFP Coordinator shall issue all addenda to this Request for Proposal in writing. Additionally, all Proposers should continually monitor the Airport's web site (www.montereyairport.com) under Legal Notices to ensure receipt of any addenda associated with this RFP. Proposers are solely responsible for checking the Airport's website for any addenda issued for this solicitation.

17. Proposer Expenses

Prospective Proposers are solely responsible for their own expenses in preparing any proposal.

18. Status of Successful Proposer

Successful Proposer shall have the status of an "Independent Contractor" as defined by N.R.S. §§ 284.173 and shall not be entitled to any of the rights, privileges, benefits, and emoluments of either an officer or employee of the Monterey Regional Airport.

19. Assignment

No assignment of any agreement resulting from award of this proposal shall be allowed including the right to receive payment without the express written permission of the Executive Director.

20. Evaluation Procedures

20.1 Audit Selection Committee

Proposals submitted shall be evaluated by an Audit Selection Committee selected by the Airport.

20.2 Review of Proposals

The Audit Selection Committee shall use a point formula during the review process to score proposals. Each member of the Audit Selection Committee shall first score each technical proposal by each of the criteria described in Section 20.3 below. The full Audit Selection Committee shall then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

The Airport reserves the sole right to change or modify this review process.

After the composite technical score for each firm has been established, the sealed dollar cost bid shall be opened, and additional points will be added to the technical score based on the price bid. The maximum score for price shall be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The Airport reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected or not.

20.3 **Evaluation Criteria**

Proposals shall be evaluated using three sets of criteria. Firms meeting the mandatory criteria shall have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

1. **Mandatory Elements**

- a. The audit firm is independent and licensed to practice in California.
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the Airport.
- d. The firm adheres to the instructions in this Request for Proposal on preparing and submitting the proposal.
- e. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. **Technical Quality**

- a. Expertise and Experience
 - (1) The firm's past experience and performance on comparable government engagements.
 - (2) Managing Partners industry audit experience.
 - (3) The firm's past experience and performance with single audits.
 - (4) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
- b. Audit Approach:
 - (1) Adequacy of proposed staffing plan for various segments of the engagement.
 - (2) Adequacy of sampling techniques.
 - (3) Adequacy of analytical procedures.

3. **Price**

Cost will not be the primary factor in selection of an audit firm

20.4 **Oral Presentation**

During the evaluation process, the Audit Selection Committee may, at its sole discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Selection Committee may have on a firm's proposal. The presentation should include partner in charge and the supervisor on the job. Not all firms may be asked to make such oral presentations.

20.5 **Final Selection**

The Airport shall select a firm based upon the recommendation of the Audit Selection Committee and final approval by the Board of Trustees.

It is anticipated that a firm will be selected by April 1, 2019. Following notification of the firm selected, it is expected a contract will be executed between both parties by April 8, 2019.

21. **Non-Collusion**

Proposers, by submitting a signed proposal, certify that the accompanying proposal is not the result of, or affected by, any act of collusion with any other person or company engaged in the same line of business or commerce or any other fraudulent act.

22. **Ownership of Proposals**

All responses to this Request for Proposals solicitation shall become the property of the Airport.

23. **Contract Negotiations**

After recommendation of a selected Proposer by the selection panel, contract negotiations will commence. The contract will be based on the contract as provided in **Exhibit E**. If at any time contract negotiation activities are judged to be ineffective by the Executive Director of the Airport, the Airport will cease all activities with that Proposer and begin contract negotiations with the next highest ranked Proposer. This process may continue until either the Proposer and the Airport execute a completed agreement, or the Airport determines that no acceptable alternative proposal exists.

24. **Appeal by Unsuccessful Proposer**

Any unsuccessful proposer may appeal a pending proposal award prior to award by the Airport. The appellant must:

- A. Submit a written appeal to the Executive Director not later than fourteen (14) business days prior to the date scheduled for award consideration.
- B. The written notice of appeal must include a statement setting forth, with specificity, the reason(s) the person filing the notice believes the applicable provisions of law were violated.
- C. Post, with the written appeal, a bond with good and solvent surety authorized to do business in this state or submit other security in a form approved by the Monterey Regional Airport, who will hold the bond or other security until a determination is made on the appeal.
- D. Post the bond or other security with the notice of appeal in an amount equal to the lesser of twenty-five percent (25%) of the total value of the proposal submitted by the person filing the notice of appeal or two hundred fifty thousand dollars (\$250,000).
- E. A notice of appeal filed in accordance with the provisions herein operates as a stay of action in relation to the awarding of any contract until a determination is made by the Monterey Regional Airport on the appeal.
- F. A person who makes an unsuccessful proposal may not seek any type of judicial intervention until the Monterey Regional Airport has made a determination on the appeal and awarded the contract.
- G. The Monterey Regional Airport is not liable for any costs, expenses, attorney's fees, loss of income, or other damages sustained by a person who makes a proposal, whether or not the person files a notice of appeal pursuant to this section.
- H. If an appeal is granted, the full amount of the posted bond will be returned to the appellant. If the appeal is denied or not upheld, the Monterey Regional Airport may make a claim against the bond or other security in an amount equal to the expenses incurred by the Monterey Regional Airport because of the unsuccessful appeal. Any money remaining after the claim has been satisfied shall be returned to the appellant.

25. Agreement Form

Exhibit E hereto shall form the basis for any resulting agreement for this work.

26. Funding Restrictions

The Airport reserves the right to cancel the award in whole or in part or reduce the scope necessary without prejudice or liability to the Airport if funding is not available or if legal restrictions are placed upon the expenditure of monies for this category of services. Should this occur, the Airport shall advise the successful proposer in writing.

27. Insurance

The successful proposer shall purchase and maintain during the life of any subsequent agreement Professional Errors and Omissions Insurance in the amount of \$1,000,000. The cost of such insurance shall be included in the proposer's submitted cost.

28. Indemnification

The successful proposer shall defend, indemnify, and hold harmless the Airport, its Trustees, officers, agents, and employees from and against any and all liabilities, damages, losses, claims, actions, or proceedings, including, without limitation, reasonable attorneys' fees that are caused by the negligence, errors, omissions, recklessness or intentional misconduct of the successful proposer or the employees or agents of the successful proposer in the performance of this contract. The Airport shall give the successful proposer reasonable notice of any such claims or actions. The successful proposer shall also use counsel reasonable acceptable to the Airport in carrying out its obligations. Indemnity requirements shall survive the expiration or early termination of this agreement. Acceptance of the successful proposer's services by the Airport shall not operate as a waiver of the rights granted the Airport herein. Acceptance of successful proposer's services by the Airport shall not operate as a waiver of the rights granted the Airport herein.

**EXHIBIT A
PROPOSER'S CERTIFICATION**

As a Proposer, the company listed below has carefully examined the Monterey Regional Airport Request for Proposal (RFP) 2019-01, which includes scope, requirements for submission, general information and the evaluation and award process.

The proposer below acknowledges receipt and incorporation of the following addenda, and the cost, if any, of such revisions has been included in the terms and conditions of the response.

Addendum # _____ Date: _____ Addendum # _____ Date: _____
Addendum # _____ Date: _____ Addendum # _____ Date: _____

The Proposer hereby proposes to provide the services requested in this Proposal. I agree to hold the pricing formulas contained in this bid from the date of award through April 30, 2019. The Proposer agree or acknowledges that the Airport terms and conditions herein shall take precedence over any conflicting terms and conditions submitted with the Proposal and agree to abide by all conditions of this document.

Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Monterey Regional Airport.

I certify that all information contained in the Proposal is truthful to the best of my knowledge and belief. As a representative of the Proposer, I further certify that I am duly authorized to submit this Proposal on behalf of the company as its agent and that the company is ready, willing and able to perform if awarded a contract.

I further certify that this Proposal is made without prior understanding, agreement, connection, discussion, or collusion with any other person, company, or corporation submitting a Proposal for the same product or service; no officer, employee, or agent of the Airport or of any other Company who is interested in said Proposal; and that the undersigned executed this Proposer's Certification with full knowledge and understanding of the matters therein contained and was duly authorized to do so.

NAME OF BUSINESS

MAILING ADDRESS

AUTHORIZED SIGNATURE

CITY, STATE & ZIP CODE

NAME, TITLE, TYPED

TELEPHONE NUMBER / FAX NUMBER

FEDERAL IDENTIFICATION #

E-MAIL ADDRESS

EXHIBIT B

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
AUDIT OF THE 2019 FINANCIAL STATEMENTS**

	Hours	Hourly Rate	Total Rate
Partners			
Managers			
Supervisory Staff			
Staff			
Other (specify)			
Subtotal			

Out of Pocket Expenses	
Meals and Lodging	
Transportation	
Other (specify)	
Total for Audit Services	

All-Inclusive Maximum Price

EXHIBIT C

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
AUDIT OF THE 2020 FINANCIAL STATEMENTS**

	Hours	Hourly Rate	Total Rate
Partners			
Managers			
Supervisory Staff			
Staff			
Other (specify)			
Subtotal			

Out of Pocket Expenses	
Meals and Lodging	
Transportation	
Other (specify)	
Total for Audit Services	

All-Inclusive Maximum Price

EXHIBIT D

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
AUDIT OF THE 2021 FINANCIAL STATEMENTS**

	Hours	Hourly Rate	Total Rate
Partners			
Managers			
Supervisory Staff			
Staff			
Other (specify)			
Subtotal			

Out of Pocket Expenses	
Meals and Lodging	
Transportation	
Other (specify)	
Total for Audit Services	

All-Inclusive Maximum Price

EXHIBIT E

Professional Service Agreement

This agreement, entered into as of this _____ day of _____, 2019, by and between:

Monterey Regional Airport
200 Fred Kane Drive, Suite 200
Monterey, California 93940

hereinafter referred to
as the AIRPORT

AND:

Name of Company
Address
Address

hereinafter referred to
as the CONSULTANT

FOR THE PURPOSE of providing the following professional services:

PROFESSIONAL AUDIT SERVICES

as the PROJECT

DO HEREBY, mutually agree as follows:

ARTICLE 1 – CONSULTANT’S SERVICES AND RESPONSIBILITIES

- 1.1 **Engagement of the Consultant** The Airport hereby agrees to engage the Consultant who in turn agrees to perform the technical and professional services necessary to produce the Project. Furthermore, it is expressly understood that the Airport has the right to approve the terms and conditions of this Agreement as well as the proposed scope and costs of the technical and professional services to be conducted as part of the Project.
- 1.2 **Scope of Services** The Consultant shall do, perform and carry out in a satisfactory manner, as determined by the Airport, the services generally outlined below and specifically indicated in ***Exhibit A – Scope of Services***, attached and incorporated by reference hereto.
- 1.3 **Notice to Proceed** The Airport shall issue the official Notice to Proceed. Any work performed by Consultant prior to the issuance of the Notice to Proceed shall be at Consultant’s own risk. The Airport shall not be liable for claims of services performed until the official Notice to Proceed has been issued.

- 1.4 **Time of Performance** The term of this agreement shall be for an initial three (3) year period with two (2) two (2) year renewal options subject to a performance review, after the initial three (3) year period and the satisfactory negotiation of terms including a price acceptable to both the Airport and the selected firm a period of three (3) years. The first year shall commence on May 3, 2019.
- 1.5 **Responsibility of the Consultant** The Consultant shall be responsible for the professional quality, technical accuracy and the coordination of all services provided by the Consultant under this Agreement. The Consultant shall, without additional compensation, correct or revise any errors or deficiencies in any documents prepared in association with this Project.
- 1.6 **Responsibility of the Airport** The Airport shall cooperate with the Consultant by making a diligent effort to provide items reasonably necessary for the Consultant to be able to provide its services, including all previous audits and audit findings, legal, accounting, and insurance information required for various projects; and providing locations and minutes for all meetings.
- 1.7 **Additional Services** For purposes of this Agreement, additional services mean services not identified in ***Exhibit A - Scope of Services***, but that relate to the services being performed in connection with the Project. The Consultant shall perform additional services only upon the written request of Airport. The fee for any additional services required by the Airport will be based upon actual hours and expenses incurred by the Consultant.

ARTICLE 2 - COMPENSATION AND METHOD OF PAYMENT

- 2.1 **Compensation** It is expressly understood and agreed that the total compensation to be paid to the Consultant for provision of professional audit services shall be a firm fixed price amount not to exceed _____ for the services specified in Exhibit A - Scope of Services. Such sum includes all expenses and shall constitute full and complete compensation for the Consultant's services.
- 2.2 **Method of Payment** The Airport shall pay to the Consultant no more than the fixed price amount set out in Article 2.1 above. Payments shall be at monthly intervals subject to receipt of requisitions for payment from the Consultant specifying that he has performed the work and is entitled to the amount requisitioned under the terms of this Agreement.
- 2.3 **Consultant Responsibilities for Compensation** The Consultant shall prepare monthly invoices and progress reports which clearly indicate the progress to date and the amount of compensation due by virtue of that progress. All requisitions for payment shall be for work completed unless otherwise agreed to by the Airport, in writing.
- 2.4 **Airport Responsibilities for Compensation** The Airport agrees to pay the Consultant's invoices net thirty (30) days from the date of receipt of the invoice from the Consultant. It is expressly understood that the Airport has the right to withhold payment on any invoice if they feel that the Consultant has not performed the requisitioned work efforts in a satisfactory manner. If the Airport does decide to withhold payments to the Consultant for any reason, they must

provide written notifications and an explanation to the Consultant within ten (10) days of the date of the invoice.

- 2.5 Prompt Payment** The Consultant agrees to pay each sub-consultant under this Agreement for satisfactory performance of its agreement no later than fifteen (15) days from the receipt of each payment the Consultant receives from the Airport. The Consultant agrees further to return retainage payments to each sub-consultant within fifteen (15) days after the sub-consultant's work is satisfactorily completed. Any delay or postponement of payment from the above- referenced time frame may occur only for good cause following written approval of the Airport.

ARTICLE 3 - CHANGES TO THE SCOPE OF SERVICES

The Airport may, at any time, and by written change order, make changes in the services to be performed under this Agreement. If such changes cause an increase or decrease in the Consultant's cost or time required for performance of any services under this Agreement, an equitable adjustment shall be made, and the Agreement shall be modified in writing accordingly. Any claim of the Consultant for adjustment under this clause must be submitted in writing within thirty (30) days from the date or receipt by the Consultant of the notification of change. All changes to the Scope of Services shall be submitted on "Amendment to Professional Services Agreement" form as provided by Airport.

No services for which an additional cost or fee will be charged by the Consultant shall be furnished without the prior written authorization of the Airport.

ARTICLE 4 - TERMINATION OF THE AGREEMENT

The Airport may, by written notice to the Consultant by the Executive Director, terminate this Agreement in whole or in part at any time, in its sole discretion with or without cause. Upon receipt of such notice, the Consultant shall: (1) immediately discontinue all services affected (unless the notice directs otherwise); and (2) deliver to the Airport copies of all data, drawings, reports, estimates, summaries and such other information and materials as may have been accumulated by the Consultant in performing this Agreement, whether completed or in process.

Upon termination of this Contact by the Airport, Consultant shall be paid the reasonable value, based on Exhibit A, of all work satisfactorily performed by the Consultant prior to termination.

ARTICLE 5 - ASSURANCES

- 5.1 Examination of Records** The Airport, at any time, may cause an audit of the Consultant's books of accounts and financial records to be made by an employee or a representative of the Airport. The books of accounts and records include the complete general ledger and any source documents or recordings that

support the general ledger, including calculations, authorizations, attestations, warrants, affidavits, or other evidence of business transactions between the Airport and the Consultant. Such books of accounts and records shall be made available to the Airport upon demand. Failure to provide the Airport with adequate books of accounts and records may be deemed by the Airport to be a breach of the Agreement.

All books of accounts and records are to be made available within the state of California for a period of three years following the completion of the contract or agreement. If such books of accounts and records are not available in California, then the Consultant shall pay the expenses of the Airport representative to travel to the location of the books and records.

5.2 Ownership of Documents All documents, including but not limited to, computations, audit findings, and other data prepared or obtained under the terms of this Agreement, shall become the sole property of the Airport and the Airport has the right to copyright, register, or trademark as it deems appropriate with no licensing or permit fee to the Consultant. Reproducible copies of documents and other pertinent data shall be provided to the Airport upon completion of services or early termination of this Agreement under Article 4. Consultant shall not provide any of the Airport's documents to others without prior written authorization from the Airport.

5.3 Compliance with Laws, Rules, and Regulations Consultant agrees to be bound by the provisions of Airport's rules and regulations, all applicable laws, rules, and regulations adopted or made applicable to Consultant by any local, state, or federal Airport having jurisdiction over the project or the Airport.

ARTICLE 6 - SUSPENSION OF WORK

The Airport may order the Consultant, in writing, to suspend all or any part of the work for such period of time as the Airport may determine to be appropriate for the convenience of the Airport.

If the performance of all or any part of the work is, for any unreasonable period of time, suspended or delayed by an act of the Airport in the administration of this Agreement, or by its failure to act within the time specified in the Agreement (or if no time is specified, within a reasonable time), an adjustment shall be made for any increase in cost of performance of this Agreement necessarily caused by such unreasonable suspension or delay, and the Agreement modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension or delay to the extent: (1) that performance would have been suspended or delayed by any other cause, including the fault or negligence of the Consultant; or, (2) for which an equitable adjustment is provided for or excluded under any other provision of this Agreement.

ARTICLE 7 - INTERESTS AND BENEFITS

- 7.1 **Interest of Consultant** The Consultant covenants that he presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed.
- 7.2 **Interest of Members of Airport and Others** No officer, member or employee of the Airport and no member of its governing body, who exercises any functions or responsibilities in the review or approval of the undertaking of carrying out of the services to be performed under this Agreement, shall participate in any decision relating to the Agreement which affects his personal interest or have any personal or pecuniary interest, direct or indirect, in the Agreement or the proceeds thereof.

ARTICLE 8 - ASSIGNABILITY

The Consultant shall not assign any interest in this Agreement and shall not transfer any interest in the same without the prior written consent of the Airport thereto provided, however, that claims for money due or to become due to the Consultant from the Airport under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Airport.

ARTICLE 9 - MISCELLANEOUS

- 9.1 **Indemnification** Consultant shall defend, indemnify, and hold harmless the Airport, its Trustees, officers, agents, and employees from and against any and all liabilities, damages, losses, claims, actions, or proceedings, including, without limitation, reasonable attorneys' fees that are caused by the negligence, errors, omissions, recklessness or intentional misconduct of the Consultant or the employees or agents of the Consultant in the performance of this contract. The Airport shall give the Consultant reasonable notice of any such claims or actions. The Consultant shall also use counsel reasonable acceptable to the Airport in carrying out its obligations. Indemnity requirements shall survive the expiration or early termination of this agreement. Acceptance of the Consultant's services by the Airport shall not operate as a waiver of the rights granted the Airport herein. Acceptance of Consultant's services by the Airport shall not operate as a waiver of the rights granted the Airport herein.
- 9.2 **Worker's Compensation Insurance** Consultants and subcontractors shall obtain and keep in full force and effect throughout the term of this Agreement compensation insurance necessary in connection with the performance of this Agreement to protect Consultants and subcontractors and their employees under workers compensation and industrial insurance laws. Consultants and subcontractors shall indemnify and hold harmless the Airport, its officers, agents, and employees from any liabilities, claims, losses, or expenses which

result to Airport by virtue of Consultant's and subcontractor's failure to comply with this provision and Consultants and subcontractors hereby waives the right to any amount due under this Agreement which equals the amount of any premiums Airport has had to pay for Consultant's and subcontractor's failure to comply with this provision.

- 9.3 Liability Insurance.** Consultant shall procure at Consultant's expense and keep in effect at all times during the term of this Agreement until the completion of the work hereunder, or until early termination of this Agreement, whichever occurs first, the forms of insurance set forth in this paragraph. All policies or certificates shall contain a provision that written Notice of Cancellation or any material change in said policy by the insurer shall be delivered to Airport thirty (30) days in advance of the effective date thereof. All policies of insurance shall be primary coverage for all claims and losses arising from or connected with the work performed under this Agreement.

Consultant shall maintain all insurance hereunder with insurance underwriters authorized to do business in the State of California and who are satisfactory to Airport. All policies shall name Airport, its Trustees, officers, agents and employees as additional named insured or shall contain a cross liability endorsement. Consultant shall furnish Airport with certificates from insurance carriers showing all insurance required hereunder to be in full force and effect during the entire term of this Agreement or shall deposit with Airport certified copies of said policies.

Consultant shall purchase and maintain during the life of this agreement and any subsequent extensions thereto Professional Errors and Omissions Insurance in the amount of One Million Dollars (\$1,000,000).

- 9.4 Governing Law** It is understood and agreed by and between the Airport and Consultant that this Agreement shall be deemed and construed to be entered into and to be performed in the County of Monterey, State of California, and it is further understood and agreed by and between the parties hereto that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of the Agreement. It is further understood and agreed by and between the parties hereto that any and all actions between the parties brought as a result of this agreement will be brought in the Judicial District Court in and for the County of Monterey, State of California.
- 9.5 Notices** Any notices required or permitted to be given under this Agreement shall be deemed given when mailed to a party by certified mail, return receipt requested, to the address set forth following the signatures of the parties herein, or to such other address as a party shall give the other from time to time.
- 9.6 Successor in Interest** Subject to the provision regarding assignment, this Agreement shall be binding upon, and inure to the benefit and detriment of the successors in interest and permitted assigns of the parties hereto.
- 9.7 Amendments** This Agreement contains the entire understanding between the parties with reference to the matters contained herein, there being no terms,

conditions, warranties, or representations other than those contained herein, and no amendments hereto shall be valid unless made in writing and signed by both to this Agreement.

9.8 Severability To the extent that any provision hereof shall be finally determined by a court of competent jurisdiction to be void, illegal or otherwise unenforceable, the same shall have no effect upon the enforceability of the remaining provisions of this Agreement.

9.9 Attorneys' Fees In the event suit or action is instituted to enforce any of the terms or conditions of this Agreement, or litigation concerning the rights and duties of the parties to this Agreement, the losing party shall pay to the prevailing party, in addition to the costs and disbursements allowed by statutes, such sum as the court may adjudge reasonable after taking into account the extent to which the prevailing party prevailed as attorney's fees in such suit or action, in both trial and appellate court.

IN WITNESS THEREOF, the parties hereto have executed this Agreement the day and year first above written.

MONTEREY REGIONAL AIRPORT

CONSULTANT

By: _____ By: _____
Michael La Pier, A.A.E.
Executive Director

STATE OF s.
 s.
COUNTY OF s.

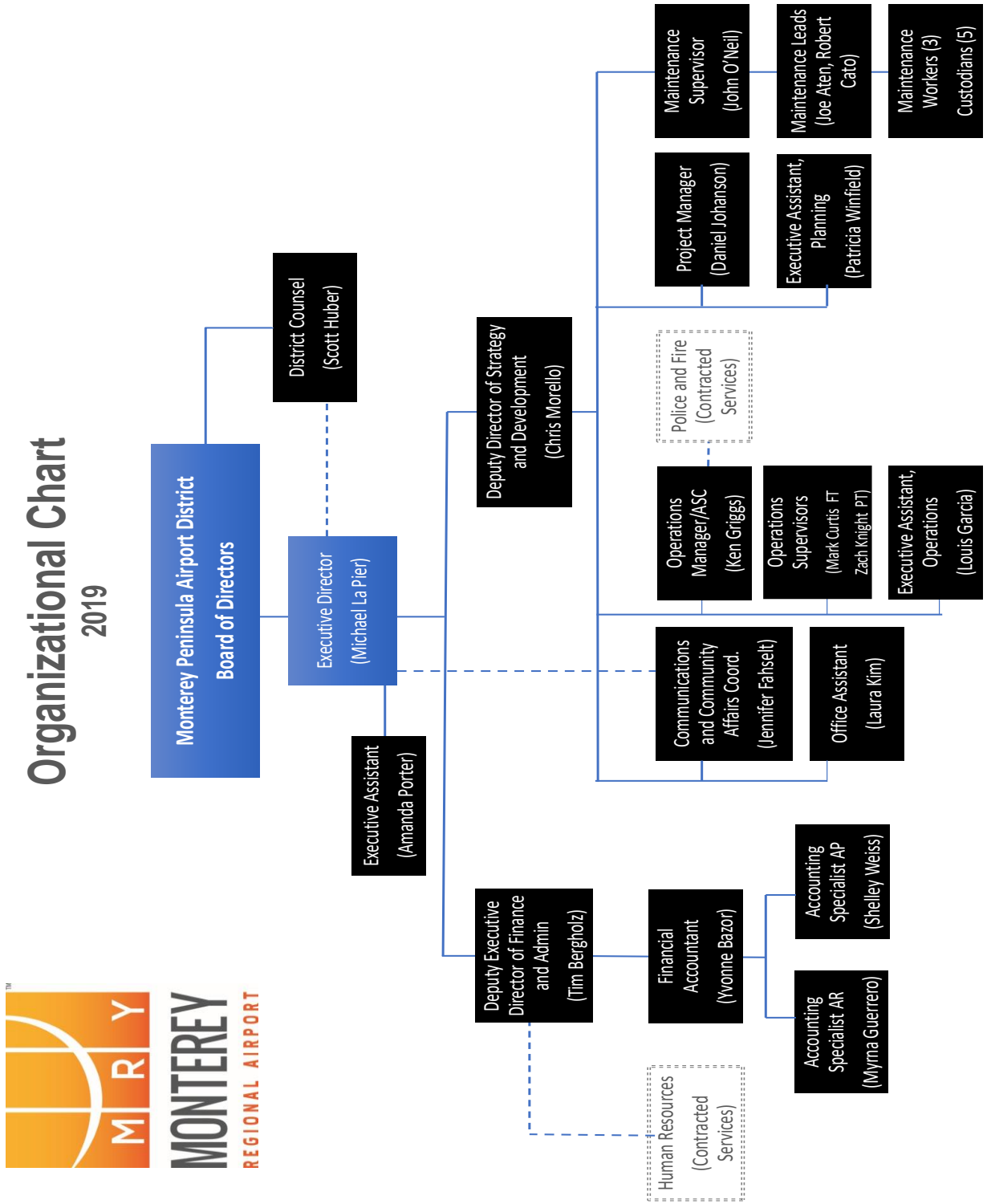
On this _____ day of _____, 2019 personally appeared before me, a notary public, _____, known to me to be the (title) of the Consultant named herein, and acknowledged that he executed the within Agreement on behalf of said Consultant.

Notary Public

Attachments:

Exhibit A – Scope of Services

EXHIBIT F



Organizational Chart 2019

