



# FINANCE COMMITTEE AGENDA

**Tuesday, January 8, 2019**

**8:30 AM**

Executive Conference Room, Level Three  
Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

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**MEMBERS:** Mayor Pro Tem Marty Simonoff and Council Member Cecilia Hupp  
**ALTERNATE:** Mayor Christine Marick

Materials related to an item on this agenda submitted to the Finance Committee after distribution of the agenda packet are available for public inspection in the third floor lobby of the Civic and Cultural Center at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

## CALL TO ORDER / ROLL CALL

1. Matters from the Audience

## CONSENT

2. Approval of Minutes of December 11, 2018 Meeting

### Attachments

Minutes

## DISCUSSION

3. Change Order to the Purchase Order with Ledgent Finance & Accounting for Additional Temporary Staffing Services
4. Purchase of the Telephone and Voicemail System

### Attachments

Decision Package  
Agreement

5. Purchasing Policy Limits Update for Public Works Projects – Adoption of Resolution

***NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.***

**Attachments**

Resolution for Purchasing Policy Limits (01-01-2019)

Letter from CA State Controller-Nov 1, 2018

6. Schedule Next Meeting: Tuesday, January 29, 2019

cc: Council Member Glenn Parker  
Council Member Steven Vargas

**Special Accommodations**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

City of Brea

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**FINANCE COMMITTEE COMMUNICATION**

**FROM:** Bill Gallardo  
**DATE:** 01/08/2019  
**SUBJECT:** Approval of Minutes of December 11, 2018 Meeting

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**Attachments**

Minutes

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## FINANCE COMMITTEE MINUTES

Tuesday, December 11, 2018

8:30 AM

Executive Conference Room, Level Three

Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

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### CALL TO ORDER / ROLL CALL

ATTENDEES: Council Member Cecilia Hupp, Council Member Marty Simonoff, Chris Emeterio, Tony Olmos, Cindy Russell, Michael Ho, Faith Madrazo, Mario Maldonado, Alicia Brenner and Linda Tang.

1. Matters from the Audience – *None*.

### CONSENT

2. Approval of Minutes of October 30, 2018 Meeting – *Approved*.
3. Professional Services Agreement with Juan M. Diaz (JMD) in the Amount Not-To-Exceed \$150,000 for Engineering Services Including Civil Engineering Design and Plan Checking of Design Plans – *Recommended for City Council approval*.

### DISCUSSION

4. Consideration of Lease Agreement for Administrative Offices of Ambassador Church at the Civic & Cultural Center – *Recommended for City Council approval*.
5. Schedule Next Meeting: Tuesday, January 8, 2019

Meeting adjourned: 8:34 am

cc: Mayor Glenn Parker  
Mayor Pro Tem Christine Marick  
Council Member Steven Vargas

**City of Brea**

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**FINANCE COMMITTEE COMMUNICATION**

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**TO:** Finance Committee Members

**FROM:** Bill Gallardo

**DATE:** 01/08/2019

**SUBJECT:** Change Order to the Purchase Order with Ledgent Finance & Accounting for Additional Temporary Staffing Services

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**RECOMMENDATION**

Authorize the Purchasing Agent to issue a change order to the purchase order #218259 with Ledgent Finance & Accounting increasing the amount from \$49,999.51 to \$150,000.00.

**BACKGROUND/DISCUSSION**

The standard practice for delivering temporary staffing services during short-term vacancies of professional positions has been to reassign or distribute assignments amongst other existing staff. On certain occasions, a list of on-call administrative staff was maintained and utilized for less critical clerical-type positions, much like a staffing agency would provide. Recent staffing reductions have led to less flexibility in reassigning work. As a result, City staff sought to identify best practices and alternate methods for delivering temporary staffing services. As a part of this process, the on-call clerical list was discontinued, which helped to reduce the City's workers' compensation, unemployment insurance, and Affordable Care Act exposure.

During this transition period, the vacancy of a key finance position (Accountant I) occurred. City staff used this as an opportunity to secure outside temporary staffing services on a trial-basis. Ledgent Finance & Accounting (Ledgent), a company that specializes in hiring finance and accounting professionals was utilized. To fill the vacant position, a three-month temporary staffing assignment was required while a recruitment was conducted for a replacement by the end of that period. Accordingly, a purchase order was issued to Ledgent in an amount of \$22,657.51. The recruitment process was lengthier than expected and a replacement was not selected despite all of City staff's efforts. An extension of temporary staffing services through December 2018 was needed and the City Manager authorized an increase to the purchase order in the amount of \$27,432.00, in accordance with §3.24.120.E – Special Circumstances of the Purchasing Ordinance, which brought the total to \$49,999.51.

Staff are preparing to conduct another recruitment for the Accountant I or Accountant II level with the hope that more qualified candidates with governmental accounting experience will apply for the position. To maintain continuity of the temporary staffing services until this recruitment can be completed, the purchase order will need to be extended through June 30, 2019 and increased to \$150,000. There is no implied or guaranteed amount and the services

can be canceled at any time. In the meantime, staff will be issuing a request for proposals for future as-needed temporary staffing services and, after completion of the evaluation process, present an award recommendation to City Council.

### **SUMMARY/FISCAL IMPACT**

Staff recommends authorizing the Purchasing Agent to issue a change order to the purchase order with Ledgent to continue providing the as-needed temporary staffing services to help fill critical positions while recruitments are being conducted.

There are sufficient salary savings from the vacant position to cover the costs associated with this temporary staffing arrangement. Therefore, there is no fiscal impact. The salary savings have been transferred to the Administrative Services Department's Professional Services accounts to cover the cost of this temporary staffing.

### **RESPECTFULLY SUBMITTED**

William Gallardo, City Manager

Prepared by: Jamie Campbell, Human Resources Technician; Neil Groom, Procurement & Contracts Administrator

Concurrence: Mario E. Maldonado, Human Resources Manager; Cindy Russell, Administrative Services Director

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**City of Brea**

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**FINANCE COMMITTEE COMMUNICATION**

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**TO:** Finance Committee Members  
**FROM:** Bill Gallardo  
**DATE:** 01/08/2019  
**SUBJECT:** Purchase of the Telephone and Voicemail System

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**RECOMMENDATION**

1. Approve the agreement with IntelesysOne to furnish and install a Mitel telephone and voicemail system in an amount of \$313,005.36; and
2. Authorize the Purchasing Agent to execute renewal of support services agreements for the life of the telephone and voicemail system.

**BACKGROUND/DISCUSSION**

The City of Brea currently utilizes the Avaya Phone System for its telephone and voicemail system. The core components were originally installed about 30 years ago and while there have been some hardware and software updates, it is approaching its end of support (EOS) in June of 2019. Without continued support, any system failures could leave the City without a functioning telephone system. The replacement of the phone system was presented to City management during a January 2018 Brea Leadership Team (BLT) meeting. It was suggested that the City's Strategic Plan on Technology (SPOT) Committee be engaged to solicit feedback from each department's direct stakeholders.

SPOT Committee members reached out to their respective departments to gather input regarding current and future telecommunication needs. This input was used to identify some of the features and functionality being sought in a new phone system. Combined with the minimum system requirements, these identified needs became part of a request for information (RFI) that was distributed at the end of January 2018, resulting in four vendor responses.

After meeting with each vendor and viewing product demonstrations, a Mitel MiVoice solution was identified as the optimal system. As part of the FY2018-19 budget process, a \$320,000 decision package was submitted and subsequently approved with the Annual City Operating Budget.

Shortly after the beginning of the new fiscal year, the City initiated a Request for Proposal (RFP) to select a vendor for the purchase and implementation of the new phone system. An RFP was posted on the City of Brea's procurement site in July of 2018 soliciting proposals from a number of companies that expressed interest in this project. Only one company, IntelesysOne, attended the mandatory pre-proposal conference and site job-walk, making them the only vendor qualified to submit a proposal. The Purchasing Division contacted the remaining vendors regarding their reasons for non-attendance. Responses included lack of

the required license, not having resources available to attend, or pricing not being competitive enough.

City staff selected IntelesysOne as the vendor for the phone system replacement project based on their qualifications and competitive pricing for a Mitel System. There would be no additional benefit to the City in reissuing the RFP. Reissuing the RFP would delay the project, require that the City remain unsupported on the current system beyond the EOS date, and prices would likely be higher due to increases in wages, manufacturing costs and tariffs.

### **SUMMARY/FISCAL IMPACT**

Hardware and software that is no longer supported becomes a potential risk to the organization both in terms of operational reliability and system security. Replacing the phone system will allow the organization to take advantage of existing infrastructure upgrades and advances in technology. Voice over internet protocol (VoIP) systems allow for better flexibility and lower overall costs including maintenance support and wiring costs. This type of system is an upgradable software solution that can be regularly updated with new downloadable features rather than the traditional replacement of hardware, creating a much simpler environment for IT staff to maintain.

As an added benefit, a new intercom feature will allow notifications to be broadcast through phone handsets and through several IP based speakers that will be installed in key locations, resolving our existing paging system's deficiencies in coverage. This saves the City from having to upgrade or replace the paging system, which would be a significant financial investment in itself.

The proposed pricing from IntelesysOne was assessed to be fair, reasonable and competitive as it is based on the State of California Multiple Award Schedules (CMAS), which is in accordance with the federal General Services Administration (GSA) contracts and the National Association of State Procurement Officials (NASPO), which is a nationally procured contract. The combined discounts equaled \$107,552.26 off the costs of hardware, software, telephones, and professional services.

As identified in the decision package presented to City Council, the replacement of this equipment will be funded by the Fixed Asset Replacement Program (FARP) (Fund 182) as part of the FY2018-19 budget. There will be no additional impact to the General Fund. The phone system replacement project allows for reduced maintenance and support costs, which is an ongoing annual savings of about \$24,000 (based on \$40,000 of current annual support compared to \$16,000 for annual support of the new phone system).

### **RESPECTFULLY SUBMITTED**

William Gallardo, City Manager

Prepared by: Neil Groom, Procurement and Contracts Administrator

Concurrence: Cindy Russell, Administrative Services Director and

Randy Hornsby, Information Technology Manager

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## **Attachments**

Decision Package  
Agreement

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## FY 2018-19 DECISION PACKAGE

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Department: Administrative Services  
Division: Information Technology  
Request: Phone System Upgrade

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The City needs to replace the existing phone system which is approaching End of Support (EOS) in June 2019. The City of Brea currently utilizes an Avaya Phone System which runs on Communication Manager 5.2.1 Software and G650 Gateways. Avaya makes regular announcements to keep customers informed of the product life cycle.

- January 3, 2013, Avaya announced the End of Sale (EOS) for 5.2.1 software. Avaya no longer sells Software Version 5.2.1 on any new system purchases.
- June 12, 2017, Avaya announced that they will no longer sell additional licenses. Phones systems operating on 5.2.1 software can no longer add new phone lines.
- June 3, 2019, Avaya has announced that they will no longer support 5.2.1 software. Avaya will no longer provide bug fixes, updates, patches, or resolve any other issues that may arise.

With the advancement of technology and infrastructure upgrades, IT has been able to take advantage of converting the Fire Stations, Maintenance Yard, and Senior Center over to Voice over Internet Protocol (VOIP). This request is to upgrade our existing Avaya Core phone system to IP Office VOIP or a comparable solution.

Upgrading to a VOIP system will provide better flexibility, and lower overall costs including maintenance support and wiring costs. This type of system is an upgradeable software solution that allows updates and new features to be downloaded instead of the traditional replacement of hardware, creating a much simpler environment for IT staff to maintain. This will dramatically increase the lifespan of the technology as this is a hybrid solution that is designed to work with IP, SIP, Digital, and Analog devices seamlessly without a sacrifice in functionality, allowing users to integrate all levels of their infrastructure.

The costs listed reflected below are estimates based on preliminary information and funding is recommended to come from the Fixed Asset Replacement Fund (FARP).

We are currently in an RFI/RFP bid process to select the appropriate vendor and solution that will meet the City's operational and budgetary requirements.

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### Fiscal Impact

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	<u>Fund/Dept/Program No</u>	<u>1X</u>	<u>Ongoing</u>	<u>Total</u>
Salary/Benefits		\$ 0	\$ 0	\$ 0
Services/Supplies	182 14 1471 4212	0	20,000	20,000
Capital Outlay	182 14 1471 4612	320,000	0	320,000
Subtotal		\$ 320,000	\$40,000	\$ 340,000
Offset	475 14 1471 4212	0	(40,000)	(40,000)
Total		\$320,000	\$-40,000)	\$ 300,000

## **AGREEMENT**

**THIS AGREEMENT** is made and entered as of \_\_\_\_\_ ("Effective Date"), by and between the CITY OF BREA, a municipal corporation ("CITY") and IntelesysOne, Inc. ("CONTRACTOR"), who agree as follows:

### **I. Agreement**

- A. This Agreement, together with the following documents are incorporated herein by reference, and supersedes all prior agreements and understandings:

Exhibit A – Scope of Work/Specifications

Exhibit B – Compensation

Exhibit C – General Provisions

Exhibit D – Insurance Requirements

Exhibit E – Labor Code Requirements

- B. This Agreement may be modified by written amendment executed by all parties.

### **II. Services**

- A. CONTRACTOR shall provide to CITY a fully-integrated corporate-wide phone and voicemail system per the RFP specifications, terms and conditions ("Services") as set forth in Exhibit A.

### **III. Term of the Agreement**

- A. This Agreement shall commence on Effective Date and shall terminate when all requirements have been provided unless terminated earlier as set forth herein ("Term").
- B. This Agreement may not be extended except by written amendment executed by all parties.

### **IV. Compensation Summary**

- A. CITY shall pay CONTRACTOR for Services rendered according to prices set forth in Exhibit B and according to the Manner of Payment section of Exhibit C. Parties agree that full and complete payment for all Services shall not exceed \$313,005.36 ("Contract Amount").
- B. CONTRACTOR shall not render Extra Work beyond Exhibit A or in excess of the amount set forth above without CITY's prior written approval. Any work performed beyond Exhibit A requirements without CITY's prior written approval shall be deemed to have been performed in fulfillment of Exhibit A requirements and included within the not-to-exceed Contract Amount.
- C. Additional pricing and payment terms are set forth Exhibit B and Exhibit C.

### **V. Insurance Requirements Summary**

- A. All insurances shall be provided by companies rated A VII or better by AM BEST, and include all the required endorsements as noted Exhibit D.
- B. Exhibit D shall govern in the event of any conflict with the following coverages.
1. **Commercial General Liability (CGL)**  
at least \$1,000,000 per occurrence.

2. **Products-Completed Operations (PCO)**
3. **Automobile Liability Insurance (ALI)**  
at least \$1,000,000 per occurrence.
4. **Workers' Compensation**  
State of California with statutory limits  
Employer's Liability Insurance with a limit of not less than \$1,000,000 per accident for bodily injury or disease.
5. **Professional Liability Insurance (PLI)**  
at least \$1,000,000 per claim; \$1,000,000 aggregate.
6. **Errors & Omissions Insurance (E&O)**  
at least \$1,000,000 per claim; \$1,000,000 aggregate.

**VI. Notices and Designated Representatives**

- A. All notices made pursuant to this Agreement shall be in writing and deemed effectively given: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by confirming email; (iii) one business day after deposit with an overnight courier service; or (iv) two business days after having been sent by registered or certified mail. All communications shall be sent to:

CITY–Project Manager:

Randy Hornsby, IT Manager  
1 Civic Center Circle  
Brea, CA 92821  
(714) 990-7263 phone  
[RandyH@CityofBrea.net](mailto:RandyH@CityofBrea.net)

CITY–City Clerk (if over \$25,000):

Lillian Harris-Neal, MMC, City Clerk  
1 Civic Center Circle  
Brea, CA 92821  
(714) 990-7757 phone  
[LillianHN@CityofBrea.net](mailto:LillianHN@CityofBrea.net)

CONTRACTOR:

IntelesysOne, Inc.  
Rick Balzer, Project Manager  
3155-B East Sedona Court  
Ontario CA 91764  
(909) 972-0404  
[rbalzer@intelesysone.com](mailto:rbalzer@intelesysone.com)

(SIGNATURES ON FOLLOWING PAGE)

**City of Brea**  
**IntelesysOne, Inc.**

IN WITNESS WHEREOF, The parties hereto have executed this Agreement as of the day and year first set forth above:

**CITY OF BREA**

City of Brea

a municipal corporation

Printed Name: Christine Marick

Title: Mayor

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTEST** (if over \$25,000)

Printed Name: Lillian Harris-Neal

Title: City Clerk

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**CONTRACTOR**

Business Name: IntelesysOne

Federal ID# 95-4583269


License Nos ☒ Contractor License #: 729063  
(if checked,  
Contractor to provide) ☒ DIR Registration #: 1000032005

Business Type ☐ Individual/Sole Proprietor ☐ Partnership ☐ Limited Liability Company  
(Contractor select one) ☒ Corporation (requires two signatures) ☐ Other (specify below)

IntelesysOne

Printed Name: Richard Balzer

Title: President

Signature: 

Date: 12-21-2018

**Contractor 2<sup>nd</sup> Signature (if corporation)**

Printed Name: Julie Balzer

Title: Secretary

Signature: 

Date: 12-21-2018

**EXHIBIT A**  
**SCOPE OF WORK**

**I. Overview**

- A. CONTRACTOR shall provide to CITY a fully-integrated corporate-wide phone and voicemail system per the RFP specifications, terms and conditions.
- B. Contractor at their own expense shall provide everything necessary including project management, labor, training, materials, tools, equipment, supplies, transportation, and the like to perform the Requirements.
- C. The requirements include, but are not limited to furnish and install a Mitel MiVoice Commercial Off-the-Shelf (COTS) Voice over Internet Protocol (VOIP) / Hybrid System (System) that meets City's requirements and on-going System maintenance and support for the life of the System.
- D. The System must provide the same or better functionality as the City's current phone and voicemail communication system. Including integration with the current peripheral systems or applications. The system will be located at the Brea Civic Center Complex and will be integrated with the: Brea Community Center; Public Works Center; Fire Stations 1, 2, & 3; Brea Plunge; and Brea Senior Center.

**II. City Provisions**

CITY will provide all required available documentation and data relative to the Scope of Work as requested by Contractor.

**III. Contractor Requirements**

- A. Specifications
  - 1. All equipment used in conjunction with the work must be new, unused, in good working order; fit and appropriate for the intended purpose; compatible with any legacy equipment that may require interface; meet all current federal, state, and local requirements.
  - 2. The Telephone and Voicemail System must be a Mitel MiVoice Connect VOIP System; no exceptions.
- B. Scope of Work-General
  - 1. Special Definitions
    - a) None.
  - 2. Special Working Hours
    - a) Coordinate with the City Project Manager for any special arrangements outside the City's normal Working Days and Hours.
    - b) Submit written requests for variations in the Schedule to City Project Manager for review and consideration; City's determination is final.
  - 3. All-Inclusive
    - a) Furnish everything necessary to provide a fully functional and fully operational integrated system.



4. Workmanship and Supervision
    - a) Provide all labor, project management, and supervision sufficient to complete the work as specified herein.
    - b) Have work performed by competent and experienced persons. Ensure that all employees have the appropriate certifications and licenses for the type of work they are performing.
    - c) Provide a thoroughly skilled, experienced, and competent supervisor who is responsible for adherence to the specifications. Supervisors and lead persons must communicate effectively, both in written and oral English, and shall be present at all times during work performance.
    - d) Ensure all personnel working onsite have a neat appearance and wear identification badges.
    - e) Replace personnel working on the contract City finds to be unsatisfactory.
  5. Emergency Services
    - a) Provide City with names and telephone numbers of at least two qualified persons who can be called by City representatives when emergency maintenance conditions occur during hours when Contractor's normal work force is not present.
    - b) Respond emergencies within thirty (30) minutes of notification.
  6. Extra Work
    - a) Perform extra work at listed Unit Price rates as City requests.
- C. Scope of Services-Specific
1. Overview
    - a) Coordinate all activities with City Project Manager and assigned City staff.
    - b) Install and program a Mitel MiVoice Connect VOIP System.
    - c) Install the Core server / PBX in the computer room at Brea Civic Center.
    - d) Port and configure all current devices over to the new solution including phone numbers, names, voicemail box setup, with assistance for PC and mobile software installation.
    - e) Locations are separate projects to be integrated into City's legacy systems.
    - f) Specific hardware needs will be described during the job walk.
  2. Brea Civic Center Complex
    - a) Location: 1 Civic Center Circle
    - b) IP Phones =211
    - c) Analog connections = 21

- d) Fax = 8
- e) Modems = 11
- f) Wireless PolyCom = 1
- g) TTY = 1
- h) Fire Alarm panels = 2
- i) Verint Connections = IP Based
- 3. Brea Community Center
  - a) Location: Brea Community Center 695 Madison Way, Brea CA, 92821
  - b) IP Phones = 27
  - c) Analog connections = 6
  - d) Fax = 1
  - e) Wireless PolyCom = 1
  - f) TTY = 1
  - g) Fire Alarm panels = 2
- 4. Fire Station 1 and Public Works Center
  - a) Location: 545 / 555 Berry St., Brea CA 92821
  - b) IP Phones = 28
  - c) Analog connections = 1
- 5. Fire Station 2
  - a) Location: 200 N. Brea Blvd, Brea CA 92821
  - b) IP Phones = 17
  - c) Analog connections = 1
  - d) Fire Alarm panels = 2
- 6. Fire Station 3
  - a) Location: 400 Santa Fa Road, Brea CA, 92821
  - b) IP Phones = 11
  - c) Analog connections = 1
- 7. Fire Station 4 (removed from the Scope of Work)
- 8. Brea Plunge
  - a) Location: 440 S Walnut Ave, Brea, CA.92821
  - b) IP Phones = 1
- 9. Brea Senior Center
  - a) Location: 500 Sievers Ave, Brea, CA 92821
  - b) IP Phones = 13



- c) Analog connections = 1
    - d) Fire Alarm panels = 1
  - 10. Brea Downtown Office (removed from the Scope of Work)
  - 11. Brea Sports Park Office (removed from the Scope of Work)
- D. Support
  - 1. Provide ongoing technical support, which must include:
    - a) Provide Gold Business Partner level support
    - b) Provide hardware replacement on all covered components
    - c) Labor Included on all covered hardware replacement
    - d) Provide your response time on major incidents
    - e) Provide your response time for minor incidents
    - f) 4 hour onsite resolution on major incidents
    - g) Proactive remote monitoring / power outages
    - h) Priority service
    - i) Coverage 24 Hours a Day 7 Days a Week
    - j) Dashboards / System Health Monitor at Company and Customer Locations
    - k) Unlimited Monthly "Remote" Moves, Adds and Changes on covered components (8x5 weekdays) including assistance with call accounting and automated assistance setup, if not, what you do provide
    - l) Back-up Core Programming, and Proactively Back-ups Daily
    - m) Upgrade Core Firmware and Dot Release Software Annually, including software support with Upgrades Annually
    - n) Monthly system health check reports

#### **IV. Time of Performance**

- A. **Commencement and Completion of Work.** The Services to be performed pursuant to this Agreement shall commence within seven (7) calendar days from the Notice to Proceed. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement. After receipt of Notice-to-Proceed, the Services must be completed within 90 calendar days.
- B. **Excusable Delays.** Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.
- C. **Schedule.** The project schedule will be discussed and agreed to by both CONTRACTOR and CITY at the project kickoff meeting.

- D. **Additional Services.** Additional Services are those services related to the scope of services of CONTRACTOR set forth in Exhibit A but not anticipated at the time of execution of this Agreement. Additional Services shall be provided only when a Supplemental Agreement authorizing the Additional Services is approved by CITY in accordance with CITY's Supplemental Agreement procedures. CITY reserves the right to perform any Additional Services with its own staff or to retain other contractors to perform the Additional Services.

**V. Modifications to Original Scope of Work**

- A. The following changes were incorporated into Exhibit A – Scope of Work as shown below:
1. I.D. Overview. Minor rewording and removal of Fire Station 4, Brea Downtown Office, Brea Sports Park.
  2. I.C.3.g) Brea Community Center. Fire Alarm panels now reads: 2.
  3. I.C.4.d) Fire Station 1 and Public Works Center. Fire Alarm panels deleted.
  4. I.C.5.d) Fire Station 2. Fire Alarm panels now reads: 2.
  5. I.C.6.c) Fire Station 3. Analog connections now reads: 1.
  6. I.C.6.d) Fire Station 3. Fire Alarm panels deleted.
  7. I.C.7. Fire Station 4 has been removed from the Scope of Work.
  8. I.C.10. Brea Downtown Office has been removed from the Scope of Work.
  9. I.C.11. Brea Sports Park has been removed from the Scope of Work.
  10. IV. Time of Performance. Added.
- B. This Section V. shall govern in the event of any conflict with the preceding Scope of Work.

End of Exhibit A

**EXHIBIT B**  
**COMPENSATION**

**I. Compensation**

- A. This is a Time and Materials Not to Exceed (T&M NTE) Contract between CITY and CONTRACTOR for furnishing the requirements as set forth in Exhibit A.
- B. CONTRACTOR agrees to accept the specified compensation as set forth in this Contract as full payment for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by CONTRACTOR of all its duties and obligations hereunder. CONTRACTOR shall only be compensated as set forth herein for work performed in accordance with the Scope of Work.
- C. **CITY shall have no obligation to pay any sum in excess of the Fixed Prices and Total Contract Amount specified herein unless authorized by amendment in accordance with the Entire Agreement paragraph set forth in General Provisions, which may require approval by the City Council.**

**II. Fees and Charges**

- A. Payment shall be made in accordance with the provisions of this Contract. The prices stated below shall include all cost associated with furnishing the requirements as set forth in Exhibit A.
- B. **Contract Amount.** Payment shall not exceed the total amount of \$313,005.36.
  - 1. **Billable Rates.** CONTRACTOR shall be paid for the performance of Services on a time-and-material basis in accordance with Attachment 1 to Exhibit B.
  - 2. **Reimbursable Expenses.** None allowed.
  - 3. **Change Orders.** The Purchasing Agent and the Administrative Services Director may execute change orders that cumulatively do not exceed five percent (5%) of the Contract Amount or five thousand dollars (\$5,000), whichever is less.

**III. Price Increases/Decreases**

No price increases will be permitted during the performance of the Contract.

**IV. Contractor's Expense**

CONTRACTOR will be responsible for all costs related to photo copying, telephone and fax communications while on City sites during the performance of work and services under this Contract.

**V. Payment Terms and Invoicing**

Payment Terms and Invoicing are set forth in Exhibit C - General Provisions, II. Manner of Payment and Accounting Requirements.

End of Exhibit B

Attachment 1 to Exhibit B  
Billable Rates

City of Brea Mtel MiVoice Connect VoIP System	Total Quantity	Unit Cost	Total Cost	Shared Resource	Chic. Ctr. & Comm. Ctr. Quantity	Community Center Quantity	Fire St. 1 & Public Works Quantity	Fire Station 2 Quantity	Fire Station 3 Quantity	Brea Senior Center Quantity	Fire Station 4, Plunge, Sports Park, Don Office Quantity
Prices fixed for 5 years at the same cost with no more than a 10% increase in years 6-10											
Hardware											
Mitel Voice Switch 50A	5	\$10,000.00	\$50,000.00		0	0	0	0	0	0	0
Mitel Voice Switch 100A	2	\$6,400.00	\$12,800.00		0	0	0	0	0	0	0
Mitel Voice Switch 1000A	2	\$12,000.00	\$24,000.00		0	0	0	0	0	0	0
Back Mount Kit	7	\$665.00	\$4,655.00		0	0	0	0	0	0	0
NASPO / CMAS Discount											
Hardware Subtotal			\$57,455.00								
Software											
Courtesy License	108	\$99.00	\$10,692.00		0	0	0	0	0	0	0
Telephony License	93	\$159.00	\$14,787.00		0	0	0	0	0	0	0
Essentials UC License	326	\$54,874.00	\$17,889,124.00		0	0	0	0	0	0	0
Standard UC License	0	\$0.00	\$0.00		0	0	0	0	0	0	0
SIP Device License	10	\$300.00	\$3,000.00		0	0	0	0	0	0	0
SIP License	6	\$2,970.00	\$17,820.00		0	0	0	0	0	0	0
NASPO / CMAS Discount											
Software Subtotal			\$32,301.00								
Telephones											
IP 420 10/100/1000	9	\$219.00	\$1,971.00		0	0	0	0	0	0	0
IP 480 10/100/1000	307	\$569.00	\$174,863.00		0	0	0	0	0	0	0
IP 485 Gg	10	\$429.00	\$4,290.00		0	0	0	0	0	0	0
Wireless Conference Dsh	3	\$715.00	\$2,145.00		0	0	0	0	0	0	0
Wireless Conference Dsh	2	\$1,190.00	\$2,380.00		0	0	0	0	0	0	0
Wall Mount kit	10	\$350.00	\$3,500.00		0	0	0	0	0	0	0
IP Phone Button	5	\$1,475.00	\$7,375.00		0	0	0	0	0	0	0
User Guides (Set of 25)	34	\$340.00	\$11,560.00		0	0	0	0	0	0	0
NASPO / CMAS Discount											
Telephones Subtotal			\$183,204.00								
Hardware Software Support											
Annual Support Year 1: Renewable with 4 additional one year periods at the same cost with no phone coverage after year 1											
NASPO / CMAS Discount											
Hardware Software Support Subtotal			\$183,204.00								
Professional Services											
Project Management	85	\$160.00	\$13,600.00		0	0	0	0	0	0	0
Training - End user and Admin	82	\$12,300.00	\$1,008,600.00		0	0	0	0	0	0	0
Installation	259	\$395.00	\$102,305.00		0	0	0	0	0	0	0
Paging Installation											
NASPO / CMAS Discount											
Professional Services Subtotal			\$114,905.00								
Common Resources											
Virtualized VMware server with 5 VMs servers	1	\$9,995.00	\$9,995.00		0	0	0	0	0	0	0
Enhanced Paging with Distributed operation	1	\$6,000.00	\$6,000.00		0	0	0	0	0	0	0
60 Unit Paging System	1	\$6,345.20	\$6,345.20		0	0	0	0	0	0	0
e911 Notification Software	1	\$5,500.00	\$5,500.00		0	0	0	0	0	0	0
Active Directory Integration	1	\$5,000.00	\$5,000.00		0	0	0	0	0	0	0
Home Chronical Call Accounting	1	\$3,995.00	\$3,995.00		0	0	0	0	0	0	0
Verint Integration	1	\$1,800.00	\$1,800.00		0	0	0	0	0	0	0
Audio Conference Bridge Ports (10)	10	\$17,500.00	\$175,000.00		0	0	0	0	0	0	0
N+1 Redundant Switch	1	\$0.00	\$0.00		0	0	0	0	0	0	0
Distributed Voice Server	1	\$0.00	\$0.00		0	0	0	0	0	0	0
NASPO / CMAS Discount											
Common Resources Subtotal			\$247,706.42								
Shipping			\$2,943.80								
Taxes			\$9,115.11								
Project Total			\$313,005.36								

**EXHIBIT C**  
**GENERAL PROVISIONS**

**I. Standard Requirements**

CONTRACTOR shall forthwith undertake and complete the Project in accordance with Exhibit "A" attached to this Agreement and all in accordance with Federal, State and CITY statutes, regulations, ordinances and guidelines all to the reasonable satisfaction of CITY.

**A. Documents, Reports, Photographs, Drawings**

CONTRACTOR shall supply copies of all maps, surveys, reports, plans and documents (hereinafter collectively referred to as "documents") including all supplemental technical documents, as described in Exhibit "A" to CITY within the time specified in Exhibit "A". Copies of the documents shall be in such numbers as are required in Exhibit "A". CITY may thereafter review and forward to CONTRACTOR comments regarding said documents and CONTRACTOR shall thereafter make such revisions to said documents as are deemed necessary. CITY shall receive revised documents in such form and in the quantities determined necessary by CITY. The time limits set forth pursuant to this Agreement may be extended upon written approval of CITY.

**B. Hires**

CONTRACTOR shall, at CONTRACTOR's sole cost and expense, secure and hire such other persons as may, in the opinion of CONTRACTOR, be necessary to comply with the terms of this Agreement. In the event any such other persons are retained by CONTRACTOR, CONTRACTOR hereby warrants that such persons shall be fully qualified to perform services required hereunder. CONTRACTOR further agrees that no subcontractor shall be retained by CONTRACTOR except upon the prior written approval of CITY.

**C. Information and Assistance**

CITY will provide information and assistance as set forth in Exhibit "A" hereto; photographically reproducible copies of maps and other information, if available, which CONTRACTOR considers necessary in order to complete the Project. Such information as is generally available from CITY files applicable to the Project.

Assistance, if necessary, in obtaining information from other governmental agencies and/or private parties. However, it shall be CONTRACTOR's responsibility to make all initial contact with respect to the gathering of such information.

**D. Ownership of Documents**

Unless otherwise agreed upon in writing, all reports, documents, or other original written material, including any original images, photographs, video files, digital files, and/or or other media created or developed for the CITY by CONTRACTOR in the performance of this Agreement (collectively, "Documents") shall be and remain the property of CITY without restriction or limitation upon its use or dissemination by CITY. All Documents shall be considered to be "works made for hire", and all Documents and any and all intellectual property rights arising from their creation, including, but not limited to, all copyrights and other proprietary rights, shall be and remain the property of CITY without restriction or limitation



upon their use, duplication or dissemination by CITY. CONTRACTOR shall not obtain or attempt to obtain copyright protection as to any of the Documents.

CONTRACTOR hereby assigns to CITY all ownership and any and all intellectual property rights to the Documents that are not otherwise vested in the CITY pursuant to subsection above.

CONTRACTOR warrants and represents that it has secured all necessary licenses, consents or approvals to use any instrumentality, thing or component as to which any intellectual property right exists, including computer software, used in the rendering of the Services and the production of all Documents produced under this Agreement, and that CITY has full legal title to and the right to reproduce the Documents. CONTRACTOR shall defend, indemnify and hold CITY, and its elected officials, officers, employees, servants, attorneys, designated volunteers, and agents serving as independent contractors in the role of city officials, harmless from any loss, claim or liability in any way related to a claim that CITY's use of any of the Written Product is violating federal, state or local laws, or any contractual provisions, or any laws relating to trade names, licenses, franchises, copyrights, patents or other means of protecting intellectual property rights and/or interests in product or inventions. CONTRACTOR shall bear all costs arising from the use of patented, copyrighted, trade secret or trademarked documents, materials, equipment, devices or processes in connection with its provision of the Services and Written Product produced under this Agreement. In the event the use of any of the Written Product or other deliverables hereunder by CITY is held to constitute an infringement and the use of any of the same is enjoined, CONTRACTOR, at its expense, shall: (a) secure for CITY the right to continue using the Written Product and other deliverables by suspension of any injunction, or by procuring a license or licenses for CITY; or (b) modify the Written Product and other deliverables so that they become non-infringing while remaining in compliance with the requirements of this Agreement. This covenant shall survive the termination of this Agreement.

**E. Termination**

This Agreement may be terminated by CITY upon the giving of a written "Notice of Termination" to CONTRACTOR at least fifteen (15) days prior to the date of termination specified in said Notice. In the event this Agreement is so terminated, CONTRACTOR shall be paid on a pro-rata basis with respect to the percentage of the Project completed as of the date of termination. In no event, however, shall CONTRACTOR receive more than the maximum specified in paragraph IV.B., above. CONTRACTOR shall provide to CITY any and all documents, data, studies, surveys, drawings, maps, models, photographs and reports, whether in draft or final form, prepared by CONTRACTOR as of the date of termination. CONTRACTOR may not terminate this Agreement except for cause.

**F. Insurance**

Throughout the term of this Agreement, CONTRACTOR agrees to provide and maintain insurance as set forth in Exhibit D Insurance Requirements of the Agreement.

**G. Indemnity**

CONTRACTOR shall hold harmless and indemnify CITY, and its elected officials, officers, employees, servants, designated volunteers, and those CITY agents serving as independent contractors in the role of CITY officials (collectively, "Indemnitees"), with respect to any and all claims, demands, damages, liabilities, losses, costs or expenses, including reimbursement of attorneys' fees and costs of defense (collectively, "Claims" hereinafter), including but not limited to Claims relating to death or injury to any person and injury to any property, which arise out of, pertain to, or relate to in whole or in part to the negligence, recklessness, or willful misconduct of CONTRACTOR or any of its officers, employees, subcontractors, or agents in the performance of its professional services under this Agreement.

Other Indemnities. In connection with any and all claims, demands, damages, liabilities, losses, costs or expenses, including attorneys' fees and costs of defense (collectively, "Damages" hereinafter) not covered by this Section, CONTRACTOR shall defend, hold harmless and indemnify the Indemnitees with respect to any and all Damages, including but not limited to, Damages relating to death or injury to any person and injury to any property, which arise out of, pertain to, or relate to the acts or omissions of CONTRACTOR or any of its officers, employees, subcontractors, or agents in the performance of this Agreement, except for such loss or damage arising from the sole negligence or willful misconduct of the CITY, as determined by final arbitration or court decision or by the agreement of the parties. CONTRACTOR shall defend Indemnitees in any action or actions filed in connection with any such Damages with counsel of CITY's choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. CONTRACTOR's duty to defend pursuant to this Section shall apply independent of any prior, concurrent or subsequent misconduct, negligent acts, errors or omissions of Indemnitees.

These Indemnification provisions are independent of and shall not in any way be limited by the Insurance Requirements of this Agreement. City approval of the Insurance contracts required by this Agreement does not in any way relieve the Contractor from liability under this Section.

**H. Assignment and Subcontracting**

No assignment of this Agreement or of any part or obligation of performance hereunder shall be made, nor shall any required performance be subcontracted, either in whole or in part, by CONTRACTOR without the prior written consent of CITY.

**I. Work Delays**

In the event that CONTRACTOR fails to submit to CITY the completed project, together with all documents and supplemental material required hereunder, in public hearing form to the reasonable satisfaction of CITY, within the time set forth in Exhibit A, or as may be extended by written consent of the parties hereto.

**J. Independent Contractor**

CONTRACTOR is retained by CITY only to the extent set forth in this Agreement, and the CONTRACTOR's relationship to the CITY is that of an independent

contractor. CONTRACTOR shall be free to dispose of all portions of CONTRACTOR's time and activities which CONTRACTOR is not obligated to devote to the CITY in such a manner and to such persons, firms, or corporations as the CONTRACTOR sees fit except as expressly provided in this Agreement. Neither the CITY nor any of its agents shall have control over the conduct of the CONTRACTOR or any of the CONTRACTOR's employees, except as set forth in this Agreement. CONTRACTOR shall not have the status of an employee under this Agreement, or be entitled to participate in any insurance, medical care, vacation, sick leave or other benefits provided for CITY's officers or employees. CONTRACTOR shall have no power to incur any debt, obligation, or liability on behalf of CITY or otherwise act on behalf of the CITY as an agent. CONTRACTOR shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of the CITY. CONTRACTOR agrees to pay all required taxes on amounts paid to CONTRACTOR under this Agreement, and to indemnify and hold CITY harmless from any and all taxes, assessments, penalties, and interest asserted against CITY by reason of the independent contractor relationship created by this Agreement. CONTRACTOR shall fully comply with the workers' compensation law regarding CONTRACTOR and CONTRACTOR's employees. CONTRACTOR further agrees to indemnify and hold CITY harmless from any failure of CONTRACTOR to comply with applicable workers' compensation laws. CITY shall have the right to offset against the amount of any fees due to CONTRACTOR under this Agreement any amount due to CITY from CONTRACTOR as a result of CONTRACTOR's failure to promptly pay to CITY any reimbursement or indemnification arising under this Section.

**K. Governing Law and Venue**

This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue for any legal action arising out this Agreement shall be the Superior Court of the County of Orange, California.

**L. Attorneys' Fees**

In the event any legal proceeding is instituted to enforce any term or provision of this Agreement, the prevailing party shall be entitled to recover attorneys' fees, experts' fees, and all other costs of litigation from the opposing party in an amount determined by the court to be reasonable.

**M. Entire Agreement**

This Agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that no representation by any party which is not embodied herein nor any other agreement, statement, or promise not contained in this Agreement shall be valid and binding. Any modification of this Agreement shall be effective only if it is in writing signed by all parties. In the event of any inconsistency between the General Provisions and any of the Exhibits, the provisions of the General Provisions shall govern over the Exhibits.

**Continued on Next Page**



**II. Manner of Payment and Accounting Requirements**

**A. Taxes**

1. CONTRACTOR shall pay, when and as due, any and all taxes incurred as a result of CONTRACTOR's compensation hereunder, including estimated taxes, and shall provide CITY with proof of the payment upon request.
2. CONTRACTOR hereby agrees to indemnify CITY for any claims, losses, costs, fees, liabilities, damages or injuries suffered by CITY arising out of CONTRACTOR's breach of this Section.

**B. Payment Terms**

1. Invoices are to be submitted in arrears, after services have been received. Payment will be net 30 days after receipt of an invoice in a format acceptable to City. Invoices shall be verified and approved by the CITY and subject to routine processing requirements. The responsibility for providing an acceptable invoice to the CITY for payment rests with the CONTRACTOR. Incomplete or incorrect invoices are not acceptable and will be returned to the CONTRACTOR for correction.
2. Billing shall cover services not previously invoiced. The CONTRACTOR shall reimburse the City of Brea for any monies paid to the Contractor for services not provided, or when services do not meet the contract requirements.
3. Payments made by the CITY shall not preclude the right of the CITY from thereafter disputing any items involved or billed under this contract and shall not be construed as acceptance of any part of the goods.

**C. Invoicing Instructions**

1. CONTRACTOR will provide an invoice on the CONTRACTOR'S letterhead. Each invoice will have a unique number and will include the following information:
  - a) Contractor's name and address
  - b) Contractor's remittance address, if different from 1 above
  - c) Contractor's Taxpayer ID Number
  - d) Name of City Agency/Department
  - e) Delivery/service address
  - f) Contract number
  - g) Purchase Order (PO) number
  - h) Date of invoice
  - i) Description of Services/Goods
  - j) Sales tax, if applicable
  - k) Freight/delivery charges, if applicable
  - l) Total

2. Invoices and support documentation are to be forwarded to:
  - a) City of Brea
  - b) Accounts Payable
  - c) 1 Civic Center Circle
  - d) Brea CA 92821
3. City does not accept electronic invoices.

**D. Accounting Records of CONTRACTOR**

During performance of this Agreement and for a period of three (3) years after completing all Services and Additional Services hereunder, CONTRACTOR shall maintain all accounting and financial records related to this Agreement, including, but not limited to, records of CONTRACTOR's costs for all Services and Additional Services performed under this Agreement and records of CONTRACTOR's Reimbursable Expenses, in accordance with generally accepted accounting practices, and shall keep and make the records available for inspection and audit by representatives of the CITY upon reasonable written notice.

End of Exhibit C

**EXHIBIT D**  
**INSURANCE REQUIREMENTS**

**I. General**

The City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances. If the existing policies do not meet the insurance requirements set forth herein, Contractor agrees to amend, supplement or endorse the policies to do so.

Without limiting the Contract Indemnity provisions, Contractor shall procure and maintain in full force and effect for the Term of Contract, the following policies of insurance.

For all insurance required in this contract, if a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

If the Contractor maintains broader coverage and/or higher limits than the minimums required herein, the City requires and shall be entitled to the broader coverage and/or higher limits maintained by the Contractor.

**A. Commercial General Liability (CGL)**

CGL affords coverage at least as broad as Insurance Services Office "occurrence" form CG 00 01, including products and completed operations, property damage, bodily injury, and personal & advertising injury.

Limits shall be no less than: \$1,000,000 per occurrence

**Products-Completed Operations (PCO)**

Contractor shall procure and submit to City evidence of insurance for a period of at least ten (10) years from the time that all work under this Contract is completed.

**B. Automobile Liability Insurance (ALI)**

ALI with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) for each accident for bodily injury and property damage.

Limits shall be no less than: \$1,000,000 per occurrence

**C. Workers' Compensation (WC)**

WC as required by the State of California with statutory limits, and Employer's Liability Insurance.

Limits shall be no less than: \$1,000,000 per accident for bodily injury or disease.

**D. Professional Liability Insurance (PLI)**

Covered professional services shall specifically include all work to be performed under this contract and delete any exclusion that may potentially affect the work to be performed.

Limits shall be no less than: \$1,000,000 per claim; \$2,000,000 aggregate

**E. Errors & Omissions (E&O)**

Covered professional services shall specifically include all work to be performed under this contract and delete any exclusion that may potentially affect the work to be performed including:

1. All acts, errors, omissions, negligence, infringement of intellectual property;
2. Network security and privacy risks, including but not limited to unauthorized access, failure of security, breach of privacy perils, wrongful disclosure, collection, or negligence in the handling of confidential information, privacy perils, including coverage for related regulatory defense and penalties;
3. Data breach expenses payable whether incurred by City or Contractor, including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services in the performance of services for City or on behalf of City hereunder.

The policy shall contain an affirmative coverage grant for continent bodily injury and property damage emanating from the failure of the technology services or an error or omission in the content/information provided.

If a sub-limit applies to any elements of coverage, the certificate of insurance evidencing the coverage above must specify the coverage section and the amount of the sub-limit.

Limits shall be no less than: \$1,000,000 per claim and annual aggregate.

**II. Endorsements**

Insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval. The insurance policies shall contain or be endorsed to contain, the following provisions:

**A. Commercial General Liability & Contractors Pollution Liability**

**1. Additional Insured**

The City, its elected officials, officers, employees, volunteers, boards, agents and representatives shall be additional insureds with regard to liability and defense of suits or claims arising out of the work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations.

Additional Insured Endorsements shall not:

- a) Be limited to "Ongoing Operations"
- b) Exclude "Contractual Liability"
- c) Restrict coverage to the "sole" liability of Contractor
- d) Exclude "Third-Party-Over Actions"
- e) Contain any other exclusion contrary to the Contract

Additional Insured Endorsements shall be at least as broad as ISO Form(s) CG 20 10 11 85; or CG 2010 and CG 20 37.

**2. Primary Insurance**

This insurance shall be primary and any other insurance whether primary, excess, umbrella or contingent insurance, including deductible, or self-insurance available to the insureds added by endorsement shall be in excess of and shall not contribute with this insurance. Coverage shall be at least as broad as ISO CG 20 01 04 13.

**B. Auto Liability**

**1. Additional Insured**

The City, its elected officials, officers, employees, volunteers, boards, agents and representatives) shall be additional insureds with regard to liability and defense of suits or claims arising out of the work or operations performed by or on behalf of the Contractor.

**2. Primary Insurance**

This insurance shall be primary and any other insurance whether primary, excess, umbrella or contingent insurance, including deductible, or self-insurance available to the insureds added by endorsement shall be in excess of and shall not contribute with this insurance.

**3. Workers' Compensation**

A waiver of subrogation stating that the insurer waives all rights of subrogation against the indemnified parties.

**III. Insurance Obligations of Contractor**

The insurance obligations under this agreement shall be: (1) all the insurance coverage and/or limits carried by or available to the Contractor; or (2) the minimum insurance coverage requirements and/or limits shown in this agreement; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and/or minimum required limits, which are applicable to a given loss, shall be available to the City. No representation is made that the minimum insurance requirements of this agreement are sufficient to cover the obligations of the Contractor under this agreement.

**IV. Notice of Cancellation**

Required insurance policies shall not be cancelled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

**V. Waiver of Subrogation**

Required insurance coverages shall not prohibit Contractor from waiving the right of subrogation prior to a loss. Contractor shall waive all rights of subrogation against the indemnified parties and policies shall contain or be endorsed to contain such a provision. This provision applies regardless of whether the City has received a waiver of subrogation endorsement from the insurer.

**VI. Evidence of Insurance**

All policies, endorsements, certificates, and/or binders shall be subject to approval by the City as to form and content. These requirements are subject to amendment or waiver only if so approved in writing by the City. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced, Contractor shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

**VII. Deductible or Self-Insured Retention**

Any deductible or self-insured retention must be approved in writing by the City and shall protect the indemnified parties in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention. The City may require the Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration and defense expenses within the retention.

**VIII. Contractual Liability**

The coverage provided shall apply to the obligations assumed by the Contractor under the indemnity provisions of this Contract.

**IX. Failure to Maintain Coverage**

Contractor agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to the City. The City shall have the right to withhold any payment due until Contractor has fully complied with the insurance provisions of this Contract.

In the event that the Contractor's operations are suspended for failure to maintain required insurance coverage, the Contractor shall not be entitled to an extension of time for completion of the work because of production lost during suspension.

**X. Acceptability of Insurers**

Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law. Any other rating must be approved in writing by the City.

**XI. Claims Made Policies**

If coverage, including for Construction Defect claims, is written on a claims-made basis, the retroactive date on such insurance and all subsequent insurance shall coincide or precede the effective date of the initial Contractor's Contract with the City and an extended reporting period shall be exercised for a period of at least 5 years from termination or expiration of this Contract.

**XII. Insurance for Subcontractors**

Contractor shall be responsible for causing Subcontractors to purchase the same types and limits of insurance in compliance with the terms of this Contract/Agreement, including adding the City as an Additional Insured, providing Primary and Non-Contributory coverage and Waiver of Subrogation to the Subcontractor's policies. The Commercial General Liability Additional Insured Endorsement shall be on a form at least as broad as CG 20 38 04 13.

End of Exhibit D



**EXHIBIT E**  
**LABOR CODE REQUIREMENTS**

**I. Prevailing Wage Requirements**

Paragraphs II.B.1. License and Certification Requirements and II.C. DIR and Prevailing Wage Requirements of the Request for Proposals no longer apply since no C7 Low Voltage Systems work will be performed under this contract.

End of Exhibit E

**City of Brea**

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**FINANCE COMMITTEE COMMUNICATION**

**TO:** Finance Committee Members

**FROM:** Bill Gallardo

**DATE:** 01/08/2019

**SUBJECT:** Purchasing Policy Limits Update for Public Works Projects – Adoption of Resolution

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**RECOMMENDATION**

Adopt the Resolution updating the Purchasing Policy Limits for the City's Purchasing System specific to Public Work Projects as provided by Assembly Bill 2249.

**BACKGROUND/DISCUSSION**

The City's Purchasing Policy defines the limits for Open Market, Informal Solicitation, Formal Solicitation purchases of supplies, materials, equipment, services, and public works projects. Periodically, the Purchasing Policy Limits need to be revised to conform to new and revised legislation, to modernize and clarify requirements, and to update the purchase limits based on various economic factors. The last revision to the Purchasing Policy Limit was in November 7, 2017 when the City Council adopted Resolution No. 2017-067.

The Uniform Public Construction Cost Accounting Act (UPCCAA), which relates to public works projects, allows agencies that have adopted the UPCCAA procurement procedures follow certain bidding procedures. Brea has adopted the UPCCAA procurement procedures. Resolution No. 2017-067 set the limits for public works projects at that time to be in conformance with UPCCAA to contract for public projects costing \$45,000 or less without competitive bidding; projects costing \$175,000 or less by informal bidding procedures; and projects costing more than \$175,000 by formal bidding process.

Effective January 1, 2019, Assembly Bill 2249 which was signed by Governor Brown, increased the public works project bid limit thresholds for UPCCAA. The increased thresholds allow projects costing \$60,000 or less to be done without competitive bidding; projects costing up to \$200,000 may be contracted by informal bidding procedures; and projects costing over \$200,000 are subject to the formal bidding process.



The attached Resolution updates Brea's Purchasing Policy Limits as follows:

	Non-Public Works Projects (no changes)		Public Works Projects (UPCCAA changes)	
	Current	Proposed	Current	Proposed
Purchasing Limits				
Open Market	\$5,000	\$5,000	\$45,000	\$60,000
Informal Solicitation	\$25,000	\$25,000	\$175,000	\$200,000
Formal Solicitation	> \$25,000	> \$25,000	> \$175,000	> \$200,000

### **SUMMARY/FISCAL IMPACT**

This Resolution for the Purchasing Policy Limits will allow public works projects to be expedited more quickly and maintain conformance with the updated UPCCAA bid limit thresholds.

There is no direct fiscal impact on the General Fund.

### **RESPECTFULLY SUBMITTED**

William Gallardo, City Manager

Prepared by: Neil Groom, Procurement and Contracts Administrator

Concurrence: Cindy Russell, Administrative Services Director

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### **Attachments**

Resolution for Purchasing Policy Limits (01-01-2019)

Letter from CA State Controller-Nov 1, 2018

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## **RESOLUTION NO. XXXX-XX**

### **A RESOLUTION OF THE BREA CITY COUNCIL DESIGNATING PURCHASING POLICY LIMITS AND THE LOCAL VENDOR PREFERENCE AMOUNT FOR THE CITY'S PURCHASING SYSTEM**

#### **A. RECITALS:**

(i) Chapter 3.24 (Purchasing) of Title 3 (Revenue and Finance) of Part I (Municipal Code) of the Brea City Code sets forth the City's purchasing system. Section 3.24.020 of Chapter 3.24 defines "Purchasing Policy" as the City Council resolution designating: (a) the limits for open market, informal solicitation, and formal solicitation purchases of supplies, materials, equipment, services, and public works projects; and (b) the local vendor preference amount.

(ii) This Resolution constitutes the Purchasing Policy described in Section 3.24.020.

(iii) It is the intent of the City Council in adopting this Resolution to update existing purchasing limits for public works projects to maintain consistency with AB 2249 (2018) amendments to the Uniform Public Construction Cost Accounting Act ("UPCCAA") (Cal. Pub. Cont. Code § 22000 et seq.).

(iv) All legal prerequisites to the adoption of this Resolution have occurred.

#### **B. RESOLUTION:**

**NOW, THEREFORE,** it is found, determined and resolved by the Brea City Council as follows:

1. The facts as set forth in the Recitals are true and correct.
2. City Council Resolution No. 2017-067 is hereby repealed.
3. The following purchasing policy limits are established for the City's

purchasing system:

- a. Supplies, Equipment, Materials, and Services:
  - i. Open Market Purchases: purchases up to \$5,000 or, if applicable, up to the micro-purchase threshold set by federal regulation
  - ii. Informal Solicitation Purchases: purchases over \$5,000 (or, if applicable, the micro-purchase threshold set by federal regulation) and up to \$25,000
  - iii. Formal Solicitation Purchases: purchases over \$25,000
- b. Public Works Projects (governed by UPCCAA):
  - i. Open Market Purchases: purchases up to \$60,000
  - ii. Informal Solicitation Purchases: purchases over \$60,000 and up to \$200,000
  - iii. Formal Solicitation Purchases: purchases over \$200,000
  - iv. If all offers received for an informal solicitation public works project purchase are in excess of \$200,000, then, by adoption of a resolution by four-fifths vote, and upon determining that the City's cost estimate was reasonable, the City Council may award the contract to the lowest responsive and responsible offeror at \$212,500 or less.

4. If an offer for a purchase made pursuant to Brea City Code Section 3.24.090 is submitted by a local vendor, then the Purchasing Agent shall, for the purpose of offer comparison only, reduce the amount of such offer by 1%.

5. The City Clerk shall certify to the adoption of this Resolution.

**APPROVED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Christine Marick, Mayor

ATTEST: \_\_\_\_\_  
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a meeting of the City Council of the City of Brea held on the \_\_\_\_ day of \_\_\_\_\_, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

DATED: \_\_\_\_\_

\_\_\_\_\_  
City Clerk



**BETTY T. YEE**  
California State Controller

November 1, 2018

Assistant Purchasing Agent  
City of Brea  
1 Civic Center Circle  
Brea, CA 92821-5732

**SUBJECT: Notification Letter-Assembly Bill 2249 (Chaptered 169, Statutes of 2018)**

To Whom It May Concern:

The California Uniform Construction Cost Accounting Commission (CUCCAC) in agreement with the State Controller's Office (SCO) recommended an increase to the bid limit threshold prescribed in Public Contract Code (PCC) 22032, which was signed into law. Pursuant to PCC 22020, and on behalf of the State Controller Betty T. Yee, the SCO would like to inform on **the following changes effective as of January 1, 2019:**

- a) The change would allow **projects costing \$60,000 or less to be performed by employees of a public agency by force account, by negotiated contract, or by purchase order;**
- b) The change would allow **projects costing up to \$200,000 to be contracted by informal bidding procedures;** and **projects costing over \$200,000 are subject to the formal bidding process.**

The noted increases are pursuant to the provisions and benefits found in the Uniform Public Construction Cost Accounting Act (Act), which provides public agencies economic benefits and greater freedom to expedite public works projects. Agencies which elect to follow the cost accounting procedures set forth by the CUCCAC in its *Cost Accounting Policies and Procedures Manual*, will benefit from these increased limits by expediting delivery of public work projects and reduced bid processing costs. **A new resolution adopting the change in legislation is not required if your agency is currently subject to the Act.**

We encourage participating agencies to sign up on the SCO website for CUCCAC's email subscription service to receive important information concerning CUCCAC updates and legislative changes via e-mail. For more details or to sign up for the email subscription services, please contact the Local Government Programs Services Division at [LocalGovPolicy@sco.ca.gov](mailto:LocalGovPolicy@sco.ca.gov) or visit our website at [https://www.sco.ca.gov/ard\\_cuccac.html](https://www.sco.ca.gov/ard_cuccac.html).

Sincerely,

A handwritten signature in black ink, reading "Sandeep Singh", is positioned below the word "Sincerely,".

Sandeep Singh  
Manager, Local Government Policy