



CBIZ Accounting, Tax & Advisory Services, LLC

June 3, 2008

Ms. Tina Kundig
Finance Director
City of Redlands
P.O. Box 3005
Redlands California 92373

RE: INFRASTRUCTURE UPDATE FOR THE YEAR ENDING JUNE 30, 2008

Dear Ms. Kundig:

CBIZ Accounting, Tax and Advisory, LLC (CBIZ) is pleased to continue to provide updated infrastructure records for the year ending June 30, 2008. The scope of the work is as follows:

- CBIZ will identify all City capital projects accepted by the City Council between July 1, 2007 and June 30, 2008. This list will be reviewed by the City to ensure it is complete. We would request a copy of City Council bid document and a copy of the plans for each project.
- CBIZ will identify all developer projects accepted by the City between July 1, 2007 and June 30, 2008. This list will be reviewed by the City to ensure it is complete.
- CBIZ will update the City of Redlands's detailed infrastructure inventory for the year ending June 30, 2008.
- CBIZ will calculate accumulated depreciation and depreciation expense as of and for the year ending June 30, 2008.
- CBIZ will provide a report documenting the additions and deletions in a format acceptable to the City's external auditors.

We are available to begin work immediately on the update. Based upon the availability of City staff and records, we anticipate providing a draft report to the City no later than August 31, 2008. Upon acceptance by the City, we will finalize the report.

CBIZ will provide GASB 34 infrastructure inventory update services for the year ending June 30, 2008 to the City of Redlands for a fixed fee of \$9,200. This fixed fee is inclusive of all travel and out-of-pocket expenses. We will invoice the City monthly for services rendered throughout the life of the project.

Ms. Tina Kundig
Finance Director
City of Redlands
June 3, 2008

Terms and conditions for this engagement are documented in Attachment A.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to us.

Sincerely,

CBIZ ACCOUNTING, TAX AND ADVISORY, LLC



Marcus D. Davis
Managing Director

Accepted:
CITY OF REDLANDS

By: 
Title: City Manager
Date: 6/17/08

Attest:


Lorrie Poyzer, City Clerk

TERMS AND CONDITIONS OF SERVICES

A. Services. These Terms and Conditions of Services and the engagement letter to which these terms are appended constitute the entire agreement between you and CBIZ for the services to be rendered. As used herein, the term "services", includes only the services as described in the attached engagement letter. All decisions in connection with the implementation of CBIZ's services in connection with this engagement shall be your responsibility.

B. Payment of Invoices. Our invoices for these services will be rendered each month as work progresses and are payable on presentation. If properly submitted invoices are not paid within 30 days of the invoice date, a late charge may accrue at the lesser of (i) 1% per month or (ii) the highest rate allowable by law. Without limiting its rights or remedies, CBIZ shall have the right to halt or terminate entirely its services until full payment is received on such past due invoices. The failure of CBIZ to exercise its right to suspend or terminate work shall not constitute a waiver by CBIZ of any right or remedy. In the event of a termination of this engagement pursuant to section D below, you agree to compensate CBIZ for services performed and expenses incurred through the effective date of termination. All outstanding bills will be paid in full prior to the release of any information or prior to final product or service delivery, unless other arrangements to pay your bill have been agreed upon. See section E below for additional information regarding Limitation on Damages.

C. Dispute Resolution. Because there are inherent difficulties in recalling or preserving information as the period after an engagement increases, you agree that, notwithstanding any applicable statute of limitations, any claim based on this engagement must be filed within twelve (12) months after performance of our service, unless you have previously provided us with a written notice of a specific defect in our services that forms the basis of the claim.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the Rules of the American Arbitration Association or such other neutral facilitator acceptable to both parties. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other party or to the mediator which it, in good faith, considers necessary to resolve the matter. All such discussions, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during negotiations. The mediator may not act as a witness for either party in any subsequent arbitration between the parties.

The mediation proceedings will conclude within sixty days from receipt of the written notice unless extended or terminated sooner by mutual consent. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties.

If we are unable to resolve the fee dispute through mediation, you and CBIZ agree to submit to resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration shall be binding and final, as permitted by the law of the applicable jurisdiction. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees, each of us is giving up the

TERMS AND CONDITIONS OF SERVICES

right to have the dispute decided in a court of law before any judge or jury and instead are accepting the use of arbitration for resolution. The prevailing party shall be entitled to the allowance of a reasonable attorneys' fee and other costs of such action.

D. Term. This engagement shall conclude on the completion and delivery of CBIZ's services hereunder. This engagement may be terminated by either party at any time by giving written notice to the other party not less than 10 business days before the effective date of termination.

E. Limitation on Damages. Unless otherwise prohibited by law or applicable professional standard, you agree that CBIZ and its personnel shall not be liable to you for any claims, liabilities, or expenses relating to this engagement for an aggregate amount in excess of the fees paid by you to CBIZ pursuant to this engagement, except to the extent finally judicially determined to have resulted from the bad faith or intentional misconduct of CBIZ. Unless otherwise prohibited by law or applicable professional standard, in no event shall CBIZ or its personnel be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to this engagement. This limitation on liability provision shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), professional standard, or otherwise.

F. Third Parties and Internal Use. Except as otherwise agreed, all services hereunder shall be solely for your internal purposes and use, and this engagement does not create privity between CBIZ and any person or party other than you (a "third party"). This engagement is not intended for the express or implied benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the services provided by CBIZ. In order to protect CBIZ from any unauthorized reliance or claims, you further agree that the services provided by CBIZ shall not be distributed, made available, circulated, or quoted to or used by any third party without the prior written consent of CBIZ. However, nothing in this paragraph shall be construed as limiting or restricting such disclosure for your financial reporting purposes.

G. Reliance Upon Your Information. You are responsible for making all records and related information available to us. CBIZ shall be entitled to assume, without independent verification, the accuracy of all representations, assumptions, information and data that you and your representatives provide to CBIZ. All assumptions, representations, information and data to be supplied by you and your representatives will be complete and accurate to the best of your knowledge. CBIZ may use information and data furnished by others; however, CBIZ shall not be responsible for, and CBIZ shall provide no assurance regarding, the accuracy and completeness of any such information or data. Except as specifically provided herein, CBIZ shall not assume any responsibility for any financial reporting with respect to the services provided hereunder. You acknowledge and understand that CBIZ is providing no attest services of any kind, scope or nature whatsoever, as part of this engagement. CBIZ shall have no responsibility to address any legal matters or questions of law in connection with this engagement. See section K below for additional information regarding confidentiality.

TERMS AND CONDITIONS OF SERVICES

H. Governing Law and Severability. These Terms and Conditions of Services, and the engagement letter to which these terms are appended, shall be governed by, and construed in accordance with, the laws of the State in which CBIZ personnel rendering the services are located (without giving effect to the choice of law principles thereof). If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this Agreement.

I. Cooperation. You shall cooperate with CBIZ in the performance by CBIZ of its services hereunder, including, without limitation, providing CBIZ with reasonable facilities and timely access to data, information, and your personnel. You shall be responsible for the performance of your personnel and agents and for the accuracy and completeness of all data and information provided to CBIZ for purposes of the performance by CBIZ of its services hereunder.

J. Independent Contractor. It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, partner, joint venturer, or representative of the other. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation of behalf of, or in the name of, the other.

K. Confidentiality. To the extent that, in connection with this engagement, CBIZ comes into possession of any information of yours identified as proprietary or confidential, CBIZ will not disclose such information to any third party without your consent, except (a) as may be required by law, regulation, judicial or administrative process, in accordance with applicable professional standards, or in connection with litigation pertaining hereto, or (b) to the extent such information (i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by CBIZ in breach hereof, (ii) is disclosed by you or your personnel to a third party without substantially the same restrictions as set forth herein, (iii) becomes available to CBIZ on a nonconfidential basis from a source other than you or your personnel which CBIZ does not believe is prohibited from disclosing such information to CBIZ by obligation to you, (iv) is known by CBIZ prior to its receipt from you without any obligation of confidentiality with respect thereto, or (v) is developed by CBIZ independently of any disclosures made by you or your personnel to CBIZ of such information.

We will provide Mayer Hoffman McCann P.C. access to our client records and accounting, tax, financial and other information so that Mayer Hoffman McCann P.C. can provide you with any attest services you have engaged them to perform. You authorize Mayer Hoffman McCann P.C. to provide us access to all of your files and accounting, financial and other information in its possession for the purpose of providing all services requested.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or by sending electronic mail over the Internet. Such communications may include information that is confidential to you. Our firm employs measures in the use of facsimile machines and computer technology designed to maintain data security. While we will use our best efforts to keep such

TERMS AND CONDITIONS OF SERVICES

communications secure in accordance with our obligations under applicable laws and professional standards, we have no control over the unauthorized interception of these communications once they have been sent.

L. Miscellaneous. This agreement shall be binding on all transferees, successors and assigns of both CBIZ and you. Each party acknowledges that this was a negotiated contract, and as a result, no part of this contract shall be construed against either party based on drafting of the contract. In the event any part of this agreement is held to be illegal or unenforceable for any reason, such determination shall not affect nor invalidate the rest of the agreement, and the rest of the agreement shall remain in full force and effect.

M. Limitation on Warranties. This is a services engagement. CBIZ warrants that it shall perform services hereunder in good faith. CBIZ disclaims all other warranties, either express or implied, including, without limitation, warranties of merchantability and fitness for a particular purpose.

N. Property. The workpapers and files which CBIZ generates in connection with this engagement are the property of CBIZ. Upon the termination of this engagement, upon request we will return your original records to you. All CBIZ workpapers and files will be retained for 7 years, pursuant to CBIZ's document retention policy.

O. Non-Solicitation. During the term of this Agreement and for a period of one year thereafter, the parties agree not to hire, solicit, or attempt to solicit, whether directly or indirectly, the services of any staff employee, consultant, or subcontractor of the other party without the prior written consent of that party. Violation of this provision shall, in addition to other relief, require the breaching party to compensate the non-breaching party with 100 percent of the solicited person's annual compensation.

P. Indemnification. Unless otherwise prohibited by law or applicable professional standard, you shall indemnify and hold harmless CBIZ and its personnel from and against any causes of action, damages (whether compensatory, consequential, special, indirect, incidental, punitive, exemplary, or of any other type or nature), costs and expenses (including, without limitation, reasonable attorneys' fees and the reasonable time and expenses of CBIZ's personnel involved) brought against or involving CBIZ at any time and in any way arising out of or relating to CBIZ's services under this engagement, except to the extent judicially determined to have resulted from the bad faith, gross negligence, or willful or intentional misconduct of CBIZ's personnel. This provision shall survive the termination of this agreement for any reason, and shall apply to the fullest extent of the law, whether in contract, tort, or otherwise.

If any action or proceeding (any of the foregoing being a "Claim") is threatened or commenced by any third party against CBIZ that you are obligated to defend or indemnify under this Agreement, then written notice thereof shall be given to you as promptly as practicable. After such notice and only so long as CBIZ's and your interests with respect to the claim remain consistent, no conflict exists, and, by your control of the defense, CBIZ's insurance is not voided or otherwise compromised in any way, you shall be entitled, if you so elect in writing within ten days after receipt of such notice, to take control of

TERMS AND CONDITIONS OF SERVICES

the defense and investigation of such Claim and to employ and engage attorneys to handle and defend the same, at your sole cost and expense, with the approval of CBIZ, which approval shall not be unreasonably withheld. CBIZ shall cooperate in all reasonable respects with you and your attorneys in the investigation, trial and defense of such Claim and any appeal arising therefrom; provided, however, that CBIZ may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such Claim and any appeal arising therefrom. You shall enter into no settlement of a Claim that involves a remedy other than the payment of money by you without the prior consent of CBIZ.

After notice by you to CBIZ of your election to assume full control of the defense of any such Claim, and CBIZ's approval of selected counsel, you shall not be liable to CBIZ for any legal expenses incurred thereafter by CBIZ in connection with the defense of that Claim. If you do not assume full control over the defense of a Claim, then you may participate in such defense, at your sole cost and expense, and CBIZ shall have the right to defend you in such manner as it may deem appropriate, at your cost and expense.

Q. Insurance. CBIZ shall secure the minimum insurance coverage described below, and such insurance shall be primary with respect to any insurance or self-insurance programs maintained by the City of Redlands (City).

- *Worker's Compensation and Employer's Liability* insurance in the amount that meets the statutory requirement shall be in force with an insurance carrier acceptable to the City.
- *Comprehensive Commercial General Liability* insurance in the amount of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate shall be in force with an insurance carrier acceptable to the City and name the City as additional insured. {Three million dollars (\$3,000,000) aggregate for projects with greater exposure.}
- *Professional Liability* insurance, when applicable, in the amount of one million dollars (\$1,000,000) per claims made and two million dollars (\$2,000,000) aggregate shall be in force with an insurance carrier acceptable to the City.
- *Commercial Automobile Liability* insurance with minimum limits of one million dollars (\$1,000,000) per occurrence, combined single limit for bodily injury liability and property damage liability shall be in force and name the City as additional insured. This coverage shall include all owned vehicles, hired and non-owned vehicles, and employee non-ownership vehicles.

CBIZ shall instruct our insurance agent/broker to furnish properly executed certificates of insurance to the City.

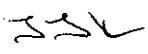
- Certificates of insurance shall clearly evidence coverage required above.
- Certificates of insurance shall be submitted by the agent/broker directly either via email to kbraun@cityofredlands.org or U.S. Mail to:

City of Redlands
Finance Dept./Risk Management
P.O. Box 3005
Redlands, CA 92373

MEMORANDUM

June 16, 2008

To: N. Enrique Martinez
City Manager

From: Tina T. Kundig 
Finance Director

SUBJECT: Single Source Request for Infrastructure Update

With the implementation of Governmental Accounting Standards Board (GASB) 34 in fiscal year 2002-2003, the City of Redlands was, for the first time, required to report the value of infrastructure assets as part of its total capital assets. To accomplish the task of valuing and accounting for infrastructure and to update the value of fixed assets already being accounted for, the City sent out a Request for Proposal for a Fixed Assets Inventory and Valuation. CBIZ was selected to perform the initial inventory and has provided the City with updates in subsequent years. Having performed the initial inventory of the City's infrastructure and having maintained records of that initial inventory and subsequent updates, CBIZ is in the best position to perform the City's infrastructure update for fiscal year 2007-2008 at a reasonable price and with the minimum impact on staff. Accordingly, staff is recommending CBIZ be selected as the Single Source for these services.

CBIZ has provided the City with a Proposal for Infrastructure Update for the Year Ending June 30, 2008 for a fixed fee of \$9,200. The updated values will be included in the City of Redlands Comprehensive Annual Financial Report for the Year Ended June 30, 2008.