



# CITY OF CLEAR LAKE

15 North 6th Street • P.O. Box 185 • Clear Lake, IA 50428  
Phone (641) 357-5267 • Fax (641) 357-8711  
www.cityofclearlake.com

Mayor  
NELSON P.  
CRABB

March 1, 2013

City  
Administrator  
SCOTT  
FLORY

HONORABLE MAYOR & CITY COUNCIL MEMBERS:

The next meeting of the Clear Lake City Council is scheduled for Monday, **March 4, 2013**, at 6:30 p.m., in the Council Chambers, at City Hall. Please refer to the enclosed agenda for the items discussed below.

COUNCIL  
MEMBERS

DANA  
BRANT  
Ward 1

TONY J.  
NELSON  
Ward 2

JIM  
BOEHNKE  
Ward 3

MIKE  
CALLANAN  
At Large

TERRY  
UNSWORTH  
At Large

ITEM #6B. **FY 2014 Municipal Budget proposal**. The proposed tax rate for the City of Clear Lake for the 2014 fiscal year, which begins, July 1, 2013 and ends June 30, 2014, is \$10.54/\$1,000 of taxable value. This would mark the 3<sup>rd</sup> year in a row that the City taxed at that rate. In FY 12, the tax rate increased from \$10.04/\$1,000 of taxable valuation to \$10.54/\$1,000 of taxable valuation due to voter approval of a \$2.3 million dollar general obligation bond to fund the construction and equipping of a new fire station. Prior to FY 12, the tax rate had remained at \$10.04/\$1,000 of taxable value for five (5) consecutive fiscal years. Once again, however, Clear Lake will continue to feature one of the lowest tax rates in Iowa for cities with a population of greater than 5,000.

The taxable valuation for FY 14 (1/1/12) continues the positive trend of growth in the Community. The taxable valuation for FY 14 is \$488,007,177, which is roughly a 4.4% increase from FY 13. The proposed FY 14 budget reflects total expenditures among the various programs of roughly \$15 million; of which, \$6.9 million is directed towards operations, \$1.1 million to debt service; and \$7 million to capital. The remaining schedule for budget consideration is as follows:

March 4<sup>th</sup> Conduct public hearing and adopt a final budget.

March 15<sup>th</sup> Certify budget to County Auditor.

ITEM #6C. **HWY 18 Watermain Improvement Project**. At its meeting on February 18<sup>th</sup>, the Council awarded the construction contract for the project to North Iowa Septic Solutions (Mason City). The amount of the contract was \$278,410.71. The City has now received the partially-executed contract, bonds, and certificate of liability insurance. From the contractor. All these documents have been reviewed by City



staff and the Project consultant and have been determined to be in compliance with the Project's specifications. The Project completion date is September 6<sup>th</sup>.

**ITEM #6D. City Hall/Police Dept. Emergency Generator Project.**

On October 15, 2012, the Council awarded the construction contract for the Project to Jim Hunt Electric (Clear Lake). The amount of the contract was \$108,180. The Contractor has completed work on the project and the engineer has filed the "Certificate of Completion" with the City, indicating the project has been completed in conformance with the plans & specifications previously approved by the Council.

Enclosed in your packet is Pay Estimate #4, which serves as the "final" pay estimate for the Project. In accordance with the Code of Iowa, payment of the 5% retainage amount cannot occur prior to 30 days having elapsed following the Council's acceptance of the Project.

Scott Flory  
City Administrator

SmartQuote: "You can do anything in this world - if you are prepared to take the consequences." --W. Somerset Maugham, British writer

TENTATIVE AGENDA  
CLEAR LAKE CITY COUNCIL  
CITY HALL – 15 N. 6<sup>TH</sup> STREET  
MONDAY, MARCH 4, 2013  
CITY HALL – COUNCIL CHAMBERS  
**6:30 P.M.**

1. Call To Order by Mayor Nelson P. Crabb.
2. Approval of Agenda.
3. Consent Agenda:
  - A. Minutes – February 18, 2013.
  - B. Approval of the bills & claims.
  - C. Licenses & Permits:
    - **Amusement License:** Rookies, (renewal).
    - **Liquor License:** Class E Liquor License with Carryout Beer & Carryout Wine, *Fareway*; Class C Liquor License (Commercial) with Sunday Sales, *Rookies*; Special Class C Liquor License (Beer/Wine) with Sunday Sales, *Shao Ting Guo*; Special Class C Liquor License (Beer/Wine) with Sunday Sales & Outdoor Service, *Clear Lake Arts Center*, (renewals).
4. Citizen's opportunity to address the Council on items not on the agenda:
  - In conformance with the City Council's Rules of Procedure, no action can occur on items presented during the Citizens Forum.
  - Please walk to the lectern, state your name (spell last name), address, and subject of your discussion.
  - Speakers are limited to a maximum of five (5) minutes per person.
5. Unfinished Business:
6. New Business:
  - A. Update from Central Gardens of North Iowa:
    - Report from Chip Kinsey, President Central Gardens of North Iowa.
    - Discussion and question by City Council.
  - B. 2014 Clear Lake Municipal Budget Proposal:
    - Review by Scott Flory, City Administrator.
    - Public Hearing.
    - **Motion** to approve **Resolution #13-19**, "A Resolution amending the current budget for the fiscal year ending on June 30, 2013 and adopting a budget for the year ending June 30, 2014."
    - Discussion and consideration of **Motion** by City Council.

C. HWY 18 (N. 3<sup>rd</sup> St W. – N. 9<sup>th</sup> St W.) Watermain Improvement Project:

- Review by Scott Flory, City Administrator.
- **Motion** to approve **Resolution #13-20**, “A Resolution approving Contract & bonds- HWY 18 (N. 3<sup>rd</sup> St W. – N. 9<sup>th</sup> St W.) Watermain Improvement Project.”
- Discussion and consideration of **Motion** by City Council.

D. City Hall/Police Dept. Emergency Generator and Electrical System Upgrade Project:

- Review by Scott Flory, City Administrator.
- **Motion** to approve Pay Estimate #4 (final) by City Council.
- Discussion and consideration of **Motion** by City Council.
- **Motion** to approve **Resolution #13-21**, “A Resolution Accepting the Work.”
- Discussion and consideration of **Motion** by City Council.

E. Issuance of Request for Proposals (RFP) for City Auditing Services:

- Review by Scott Flory, City Administrator.
- **Motion** to authorize issuance of RFP by City Council.
- Discussion and consideration by City Council.

7. Chief of Police’s Report:

8. Mayor’s Report:

9. Public Works Director’s Report:

10. City Administrator’s Report:

- Review of City Council Member compensation.

11. City Attorney’s Report:

12. Other Business:

13. Adjournment.

NEXT REGULAR MEETING – MARCH 18, 2013

# 17-143

## CITY BUDGET AMENDMENT AND CERTIFICATION RESOLUTION

To the Auditor of CERRO GORDO County, Iowa:

The City Council of Clear Lake in said County/Countries met on 03/04/13, at the place and hour set in the notice, a copy of which accompanies this certificate and is certified as to publication. Upon taking up the proposed amendment, it was considered and taxpayers were heard for and against the amendment.

The Council, after hearing all taxpayers wishing to be heard and considering the statements made by them, gave final consideration to the proposed amendment(s) to the budget and modifications proposed at the hearing, if any. thereupon, the following resolution was introduced.

RESOLUTION No. \_\_\_\_\_

A RESOLUTION AMENDING THE CURRENT BUDGET FOR THE FISCAL YEAR ENDING JUNE : 2013  
(AS AMENDED LAST ON \_\_\_\_\_.)

Be it Resolved by the Council of the City of Clear Lake

Section 1. Following notice published 02/20/13

and the public hearing held, 03/04/13 the current budget (as previously amended) is amended as set out herein and in the detail by fund type and activity that supports this resolution which was considered at that hearing:

	Total Budget as certified or last amended	Current Amendment	Total Budget after Current Amendment
<b>Revenues &amp; Other Financing Sources</b>			
Taxes Levied on Property 1	4,098,506	0	4,098,506
Less: Uncollected Property Taxes-Levy Year 2	0	0	0
<b>Net Current Property Taxes 3</b>	<b>4,098,506</b>	<b>0</b>	<b>4,098,506</b>
Delinquent Property Taxes 4	0	0	0
TIF Revenues 5	2,206,650	63,050	2,269,700
Other City Taxes 6	1,511,564	5,000	1,516,564
Licenses & Permits 7	87,650	0	87,650
Use of Money and Property 8	55,835	24,300	80,135
Intergovernmental 9	842,700	957,110	1,799,810
Charges for Services 10	2,319,375	-104,175	2,215,200
Special Assessments 11	250,000	50,000	300,000
Miscellaneous 12	84,500	40,869	125,369
Other Financing Sources 13	3,547,076	2,059,910	5,606,986
<b>Total Revenues and Other Sources 14</b>	<b>15,003,856</b>	<b>3,096,064</b>	<b>18,099,920</b>
<b>Expenditures &amp; Other Financing Uses</b>			
Public Safety 15	3,402,641	441,330	3,843,971
Public Works 16	1,133,950	17,588	1,151,538
Health and Social Services 17	8,855	-5,996	2,859
Culture and Recreation 18	1,254,270	58,281	1,312,551
Community and Economic Development 19	392,567	21,798	414,365
General Government 20	828,244	4,119	832,363
Debt Service 21	1,014,074	1,288,262	2,302,336
Capital Projects 22	1,216,500	553,000	1,769,500
<b>Total Government Activities Expenditures 23</b>	<b>9,251,101</b>	<b>2,378,382</b>	<b>11,629,483</b>
Business Type / Enterprises 24	2,704,355	-173,907	2,530,448
<b>Total Gov Activities &amp; Business Expenditures 25</b>	<b>11,955,456</b>	<b>2,204,475</b>	<b>14,159,931</b>
Transfers Out 26	3,522,076	789,610	4,311,686
<b>Total Expenditures/Transfers Out 27</b>	<b>15,477,532</b>	<b>2,994,085</b>	<b>18,471,617</b>
<b>Excess Revenues &amp; Other Sources Over (Under) Expenditures/Transfers Out Fiscal Year 28</b>	<b>-473,676</b>	<b>101,979</b>	<b>-371,697</b>
29			
Beginning Fund Balance July 1 30	22,921,710	3,821,128	26,742,838
Ending Fund Balance June 30 31	22,448,034	3,923,107	26,371,141

Passed this \_\_\_\_\_ day of \_\_\_\_\_ (Month/Year)

\_\_\_\_\_  
Signature  
City Clerk/Finance Officer

\_\_\_\_\_  
Signature  
Mayor

# 17-143

## Adoption of Budget and Certification of City Taxes

FISCAL YEAR BEGINNING JULY 1, 2013 - ENDING JUNE 30, 2014

The City of: Clear Lake

County Name: CERRO GORDO

Date Budget Adopted: 03/04/12  
(Date) xx/xx/xx

At a meeting of the City Council, held after the public hearing as required by law, as specified above, the proposed budget was adopted as summarized and attached hereto, and tax levies, as itemized below, were approved for all taxable property of this City. There is attached a Long Term Debt Schedule Form 703 for the debt service needs, if any.

641-357-5267

Telephone Number

Signature

County Auditor Date Stamp

### January 1, 2012 Property Valuations

	With Gas & Electric	Without Gas & Electric	Last Official Census
Regular 2a	459,439,266 2b	455,356,892	7,777
Debt Service Value 3a	485,898,011 3b	481,815,637	
Ag Land 4a	2,109,166		

### TAXES LEVIED

Code Sec.	Dollar Limit	Purpose	(A) Request with Utility Replacement	(B) Property Taxes Levied	(C) Rate
384.1	8.10000	Regular General Levy	5 3,646,220	3,613,822	43 7.93624
<b>Non-Voted Other Permissible Levies</b>					
12(8)	0.87500	Contract for use of Bridge	6	0	44 0
12(10)	0.95000	Opr & Maint publicly owned Transit	7	0	45 0
12(11)	Amt Nec	Rent, Ins. Maint of Civic Center	8	0	46 0
12(12)	0.13500	Opr & Maint of City owned Civic Center	9	0	47 0
12(13)	0.06750	Planning a Sanitary Disposal Project	10	0	48 0
12(14)	0.27000	Aviation Authority (under sec.330A.15)	11	0	49 0
12(16)	0.06750	Levee Impr. fund in special charter city	13	0	51 0
12(18)	Amt Nec	Liability, property & self insurance costs	14 95,000	94,154	52 0.20677
12(22)	Amt Nec	Support of a Local Emerg.Mgmt.Comm.	462	0	465 0
<b>Voted Other Permissible Levies</b>					
12(1)	0.13500	Instrumental/Vocal Music Groups	15	0	53 0
12(2)	0.81000	Memorial Building	16	0	54 0
12(3)	0.13500	Symphony Orchestra	17	0	55 0
12(4)	0.27000	Cultural & Scientific Facilities	18	0	56 0
12(5)	As Voted	County Bridge	19	0	57 0
12(6)	1.35000	Missi or Missouri River Bridge Const.	20	0	58 0
12(9)	0.03375	Aid to a Transit Company	21	0	59 0
12(17)	0.20500	Maintain Institution received by gift/devise	22	0	60 0
12(19)	1.00000	City Emergency Medical District	463	0	466 0
12(21)	0.27000	Support Public Library	23	0	61 0
28E.22	1.50000	Unified Law Enforcement	24	0	62 0
<b>Total General Fund Regular Levies (5 thru 24)</b>			25 3,741,220	3,707,976	
384.1	3.00375	Ag Land	26 6,335	6,335	63 3.00375
<b>Total General Fund Tax Levies (25 + 26)</b>			27 3,747,555	3,714,311	Do Not Add
<b>Special Revenue Levies</b>					
384.8	0.27000	Emergency (if general fund at levy limit)	28 0	0	64 0
384.6	Amt Nec	Police & Fire Retirement	29	0	0
	Amt Nec	FICA & IPERS (if general fund at levy limit)	30	0	0
Rules	Amt Nec	Other Employee Benefits	31 717,945	711,566	1.56265
<b>Total Employee Benefit Levies (29,30,31)</b>			32 717,945	711,563	65 1.56265
<b>Sub Total Special Revenue Levies (28+32)</b>			33 717,945	711,563	
<b>Valuation</b>					
386	As Req	With Gas & Elec	Without Gas & Elec		
	SSMID 1 (w)	(m)	34	0	66 0
	SSMID 2 (w)	(m)	35	0	67 0
	SSMID 3 (w)	(m)	36	0	68 0
	SSMID 4 (w)	(m)	37	0	69 0
	SSMID 5 (w)	(m)	555	0	565 0
	SSMID 6 (w)	(m)	556	0	566 0
	SSMID 7 (w)	(m)	1177	0	### 0
<b>Total SSMID</b>			38 0	0	Do Not Add
<b>Total Special Revenue Levies</b>			39 717,945	711,563	
384.4	Amt Nec	Debt Service Levy 76.10(6)	40 405,652	402,244	70 0.83485
384.7	0.67500	Capital Projects (Capital Improv. Reserve)	41	0	71 0
<b>Total Property Taxes (27+39+40+41)</b>			42 4,871,152	4,828,118	72 10.54051

**COUNTY AUDITOR - I certify the budget is in compliance with ALL the following:**  
Budgets that DO NOT meet ALL the criteria below are not statutorily compliant & must be returned to the city for correction.

- 1) The prescribed Notice of Public Hearing Budget Estimate (Form 631.1) was lawfully published, or posted if applicable, and notarized, filed proof was evidenced.
- 2) Budget hearing notices were published or posted not less than 10 days, nor more than 20 days, prior to the budget hearing.
- 3) Adopted property taxes do not exceed published or posted amounts.
- 4) Adopted expenditures do not exceed published or posted amounts in each of the nine program areas, or in total.
- 5) The budget file uploaded to the SUBMIT Area matched the paper copy certified by the city to this office.

( County Auditor )

RESOLUTION No. \_\_\_\_\_

A RESOLUTION APPROVING CONSTRUCTION CONTRACT AND BONDS FOR  
THE HIGHWAY 18 WATERMAIN IMPROVEMENT PROJECT

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CLEAR LAKE, IOWA; that the construction contract and bond executed and insurance coverage for the construction of certain public improvements described in general as construction of the Highway 18 Watermain Improvement Project, and as described in detail in the plans and specifications heretofore approved, and which have been signed by the Mayor and Clerk on behalf of the City be and the same are hereby approved as follows:

Contractor: North Iowa Septic Solutions, Mason City, Iowa

Bond surety: Auto Owner's Insurance

Date of Bond: February 22, 2013

Portion of project: All construction work.

PASSED AND APPROVED, this 4<sup>th</sup> day of March, 2013.

\_\_\_\_\_  
Nelson P. Crabb, Mayor

ATTEST:

\_\_\_\_\_  
Jennifer Larsen, City Clerk

**SECTION 00510****AGREEMENT BETWEEN OWNER AND CONTRACTOR**

THIS AGREEMENT, made and entered into this 18th day of February, 2013, by and between the **City of Clear Lake**, Iowa, party of the first part, hereinafter referred to as the "**Owner**", and North Iowa Septic Solutions, party of the second part, hereinafter referred to as the "**Contractor**".

WITNESSETH: THAT WHEREAS, the Owner has heretofore caused to be prepared certain specifications and bid form blanks, dated the 18th day of January, 2013, for Highway 18 Watermain Improvement Project under the terms and conditions therein fully stated and set forth, and,

WHEREAS, said specifications and bid form blanks accurately and fully describe the terms and conditions upon which the Contractor is willing to perform the work specified:

NOW, THEREFORE, IT IS AGREED:

That the Owner hereby accepts the bid of the Contractor for the work, as follows:

**ARTICLE 1 - THE PROJECT**

1.01 The Project for which the Work under the Contract Documents may be the whole or only a part is generally described as follows:

HIGHWAY 18 WATERMAIN IMPROVEMENT PROJECT

**ARTICLE 2 - WORK**

2.01 Contractor shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows:

Project includes all labor, materials and equipment necessary to construct approximately 2,500 linear feet of 12" watermain, fire hydrant assemblies, storm sewer improvements, pavement restoration, seeding and miscellaneous associated work including cleanup.

**ARTICLE 3 - ENGINEER**

3.01 The Project has been designed by Veenstra & Kimm, Inc. (Engineer), who is to act as Owner's representative, assume all duties and responsibilities, and have the rights and authority assigned to Engineer in the Contract Documents in connection with the completion of the Work in accordance with the Contract Documents.

**ARTICLE 4 - CONTRACT TIMES**

## 4.01 Time of the Essence

- A. All time limits for Milestones, if any, Substantial Completion, and completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract.

## 4.02 Days to Achieve Substantial Completion and Final Payment

- A. Work for all items shall be substantially completed no later than September 6, 2013. All work shall be finally completed and the project ready for final acceptance by October 6, 2013. Once Contractor begins work on the project, work shall progress in a continuous manner until all work is completed unless written approval to otherwise complete work is received from the Engineer.

## 4.03 Liquidated Damages

- A. Contractor and Owner recognize that time is of the essence of this Agreement and that Owner will suffer financial loss if the Work is not completed within the times specified in Paragraph 4.02 above, plus any extensions thereof allowed in accordance with Article 1.22 of the General Conditions. The parties also recognize the delays, expense, and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by Owner if the Work is not completed on time. Accordingly, instead of requiring any such proof, Owner and Contractor agree that as liquidated damages for delay (but not as a penalty), Contractor shall pay Owner \$500 for each day that expires after the time specified in Paragraph 4.02 for Substantial Completion until the Work is substantially complete. After Substantial Completion, if Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Time or any proper extension thereof granted by Owner, Contractor shall pay Owner \$500 for each day that expires after the time specified in Paragraph 4.02 for completion and readiness for final payment until the Work is completed and ready for final payment.

**ARTICLE 5 - CONTRACT PRICE**

- 5.01 Owner shall pay Contractor for completion of the Work in accordance with the Contract Documents an amount in current funds equal to the sum of the amounts determined pursuant to Paragraphs 5.01.A

## A. Unit Price Work

- 1. As provided in Article 1.04 of Section 01025 – Measurement and Payment, estimated quantities are not guaranteed, and determinations of actual quantities and classifications are to be made by Engineer as provided in Article 1.05 of Section 01025 – Measurement and Payment. Unit prices have been computed as provided in Article 1.06 of Section 01025 – Measurement and Payment.

2. For all Unit Price Work, at the prices stated in Contractor's Bid, attached hereto as an exhibit, the total contract amount is \$278,410.71.

## ARTICLE 6 - PAYMENT PROCEDURES

### 6.01 Submittal and Processing of Payments

- A. Contractor shall submit Applications for Payment in accordance with Article 1.04 of Section 01019 – Contract Considerations. Applications for Payment will be processed by Engineer as provided in Article 1.04 of Section 01019 – Contract Considerations and Article 1.31 of Section 00700 – General Conditions.

### 6.02 Progress Payments; Retainage

- A. Owner shall make progress payments on account of the Contract Price on the basis of Contractor's Applications for Payment on or about the last day of each month during performance of the Work as provided in Paragraphs 6.02.A.1 and 6.02.A.2 below. All such payments will be determined based on the number of units completed:
  1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Engineer may determine or Owner may withhold, including but not limited to liquidated damages, in accordance with Article 1.31 of Section 00700 – General Conditions:
    - a. 95 percent of Work completed (with the balance being retainage); and
    - b. 95 percent of cost of materials and equipment not incorporated in the Work (with the balance being retainage).
  2. Upon Substantial Completion, Owner shall pay an amount sufficient to increase total payments to Contractor to 95 percent of the Work completed, less such amounts as Engineer shall determine in accordance with Article 1.31 of Section 00700 - General Conditions.

### 6.03 Final Payment

- A. Upon receipt of the final Application for Payment accompanied by Engineer's recommendation of payment in accordance with Article 1.32 of Section 00700 - General Conditions, Owner shall pay Contractor as provided in Article 1.32 of Section 00700 - General Conditions the remainder of the Contract Price as recommended by Engineer as provided in said Article 1.32, less any sum Owner is entitled to withhold per Engineer's recommendation, including but not limited to liquidated damages.

**ARTICLE 7 - INTEREST**

7.01 All moneys not paid when due as provided in Article 1.32 of Section 00700 - General Conditions shall bear interest at the maximum legal rate.

**ARTICLE 8 – CONTRACTOR’S REPRESENTATIONS**

8.01 In order to induce Owner to enter into this Agreement Contractor makes the following representations:

- A. Contractor has examined and carefully studied the Contract Documents and the other related data identified in the Bidding Documents.
- B. Contractor has visited the Site and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.
- C. Contractor is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the Work.
- D. Contractor has carefully studied all: (1) reports of explorations, and tests of subsurface conditions at or contiguous to the Site and all drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site (except Underground Facilities) which have been identified in the Contract Documents and (2) reports and drawings of a Hazardous Environmental Condition, if any, at the Site which has been identified in the Contract Documents.
- E. Contractor has obtained and carefully studied (or assumes responsibility for doing so) all additional or supplementary examinations, investigations, explorations, tests, studies, and data concerning conditions (surface, subsurface, and Underground Facilities) at or contiguous to the Site which may affect cost, progress, or performance of the Work or which relate to any aspect of the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor, including any specific means, methods, techniques, sequences, and procedures of construction expressly required by the Bidding Documents, and safety precautions and programs incident thereto.
- F. Contractor does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.
- G. Contractor is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Contract Documents.
- H. Contractor has correlated the information known to Contractor, information and observations obtained from visits to the Site, reports and drawings identified in the Contract Documents, and all additional examinations, investigations, explorations, tests, studies, and data with the Contract Documents.

- I. Contractor has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and the written resolution thereof by Engineer is acceptable to Contractor.
- J. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

## ARTICLE 9 - GUARANTEE

- 9.01 Contractor guarantee's all work constructed under this agreement, regardless if said work is performed by Contractor, his subcontractors, or other third tier subcontractors retained by subcontractor's, against defective workmanship and / or materials for a period of four (4) years from the date of Final Acceptance of work by Owner.

Workmanship and / or materials shall be considered defective when a condition causing premature failure (whole or in part) which was present in the relevant part or component of work when it was constructed or installed, or comes into existence as a result of the way in which the relevant part or component of work was constructed or installed.

- 9.02 The Contractor shall faithfully perform the contract on it's part and shall fully indemnify and save harmless the Owner from all cost and damage which Owner may suffer by reason of defective workmanship and / or materials, and shall fully reimburse and repay the Owner all outlay and expense which the Owner may incur in making good any such default.

## ARTICLE 10 - CONTRACT DOCUMENTS

### 10.01 Contents

- A. The Contract Documents consist of the following:
  1. This Agreement (pages 1 to 8, inclusive).
  2. Performance, Payment and Maintenance Bond (pages 1 to 2, inclusive).
  3. General Conditions (pages 1 to 17, inclusive).
  4. Special Conditions (pages 1 to 4, inclusive).
  5. Specifications as listed in the table of contents of the Project Manual.
  6. Drawings consisting of 39 sheets with each sheet bearing the following general title:  
**Highway 18 Watermain Improvement Project, Clear Lake, Iowa.**
  7. Addenda (numbers 1 to 1, inclusive).

8. Exhibits to this Agreement (enumerated as follows):
  - a. Notice of Award (pages 1 to 1, inclusive).
  - b. Contractor's Bid (pages 1 to 10, inclusive).
  - c. Documentation submitted by Contractor prior to Notice of Award including:
    1. Data requested in Proposal
    2. Bid Security (if required)

These items are NOT attached to the agreement.
9. The following which may be delivered or issued on or after the Effective Date of the Agreement and are not attached hereto:
  - a. Notice to Proceed (pages 1 to 1, inclusive).
  - b. Work Change Directives.
  - c. Change Order(s).
- B. The documents listed in Paragraph 10.01.A are made part of this Agreement by reference; exhibits to this Agreement as listed in 10.01.A.8 are attached except as expressly noted otherwise above.
- C. There are no Contract Documents other than those listed above in this Article 10.
- D. The Contract Documents may only be amended, modified, or supplemented as provided in Paragraph 1.23 of the General Conditions.

## ARTICLE 11 - MISCELLANEOUS

### 11.01 Terms

- A. Terms used in this Agreement will have the meanings stated in the Section 00100 – Instructions to Bidders.

### 11.02 Assignment of Contract

- A. No assignment by a party hereto of any rights under or interests in the Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

11.03 Successors and Assigns

- A. Owner and Contractor each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

11.04 Severability

- A. Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Contractor, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

11.05 Other Provisions

None

IN WITNESS WHEREOF, Owner and Contractor have signed this Agreement in three copies. One counterpart each has been delivered to Owner, Contractor, and Engineer. All portions of the Contract Documents have been signed, initialed, or identified by Owner and Contractor or identified by Engineer on their behalf.

This Agreement will be effective February 19, 2013 (which is the Effective Date of the Agreement).

OWNER:  
City of Clear Lake

By: \_\_\_\_\_

Title: Mayor

Attest: \_\_\_\_\_

Title: City Administrator

Designated Representatives:

Name: Joe Weigel

Title: Public Works Director

Address for giving notices:

City Hall

15 North Sixth Street

Clear Lake, Iowa 50428

Phone: 641-357-5267 FAX: 641-357-8711

CONTRACTOR:  
North Iowa Septic Solutions

By: Chad Nichols

Title: Secretary

Attest: Greg

Title: President

Designated Representatives:

Name: Chad Nichols

Title: Project Manager

Address for giving notices:

2609 South Federal Avenue

Mason City, Iowa 50401

Phone: 641-423-1615 Fax: 641-423-1795

License No.: C117566  
(Where applicable)

(If Contractor is a corporation or a partnership,  
attach evidence of authority to sign.)

1/18/13

Performance, Payment and Maintenance Bond

Bond No.: 66153715

**SECTION 00600**

**PERFORMANCE, PAYMENT AND MAINTENANCE BOND**

KNOW ALL MEN: That we, North Iowa Septic Solutions of Mason City, Iowa, hereinafter called the Principal, and Auto Owners Insurance Lansing MI

hereinafter called the surety, are held and firmly bound unto the City of Clear Lake, Iowa, hereinafter called the Owner in the sum of Two Hundred Seventy Eight Thousand Four Hundred Ten and 71/100 Dollars (\$278,410.71), for the payment whereof the Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly, by these presents.

WHEREAS, the principal has, by means of a written Agreement dated February 18, 2013, entered into a Contract with the Owner for Highway 18 Watermain Improvement Project, which Agreement includes a guarantee of all work against defective workmanship and materials for a period of four (4) years from the date of final acceptance of the work by the Owner, a copy of which Agreement is by reference made a part hereof;

NOW, THEREFORE, the condition of this Obligation is such that, if the Principal shall faithfully perform the Contract on his part and shall fully indemnify and save harmless the Owner from all costs and damage which he may suffer by reason of failure so to do and shall fully reimburse and repay the Owner all outlay and expense which the Owner may incur in making good any such default,

And Further, that if the Principal shall pay all persons who have contracts directly with the Principal for labor or materials, failing which such persons shall have a direct right of action against the Principal and Surety under this Obligation, subject to the Owner's priority,

Then this Obligation shall be null and void, otherwise it shall remain in full force and effect.

Provided, however, that no suit, action or proceeding by reason of any default whatever shall be brought on this Bond after five (5) years from the date of final acceptance of the work.

And Provided, that any alterations which may be made in the terms of the Contract, or in the work to be done under it, or the giving by the Owner of any extension of time for the performance of the Contract, or any other forbearance on the part of either the Owner or the Principal to the other shall not in any way release the Principal and the Surety, or either of them, their heirs, executors, administrators, successors or assigns from their liability hereunder, notice to the Surety of any such alteration, extension or forbearance being hereby waived.

And Further Provided, the Principal and Surety on this Bond hereby agree to pay all persons, firms, or corporations having contracts directly with the Principal or with subcontractors all just claims due them for labor performed or material furnished, in the performance of the Contract on account of which this Bond is given, when the same are not satisfied out of the portion of the contract price which the Owner shall retain until completion of the improvements, but the Principal and Surety shall not be liable to said

1/18/13

Performance, Payment and Maintenance Bond

persons, firms, or corporations unless the claims of said complaints against said portions of the contract price shall have been established as provided by law.

The Surety on this Bond shall be deemed and held, any contract to the contrary notwithstanding, to consent without notice:

- a. To the extension of time to the Principal in which to perform the Contract.
- b. To changes in the plans, specifications, or Contract, when such changes do not involve an increase of more than twenty percent (20%) of the total contract price, and shall then be released only as to such excess increase.
- c. That no provision of this Bond or of any other contract shall be valid which limits to less than five (5) years from the date of final acceptance of the work the right to sue on this Bond for defects in workmanship or materials not discovered or known to the Owner at the time such work was accepted.

The Bond is executed in triplicate.

Signed and Sealed this 22nd day of February, 2013.

PRINCIPAL:

North Iowa Septic Solutions  
Contractor

*Carl Konz*  
Signature

*Secretary*  
Title

SURETY:

Auto Owners Insurance  
Surety Company

*Senad Catic*  
Signature, Attorney-in-Fact

Senad Catic  
Name of Attorney-in-Fact

Carl Konz Agency Inc  
Company Name

6800 Lake Dr S295 WDM IA  
Company Address (Including Zip Code)

515 222 0776  
Company Telephone Number



# CERTIFICATE OF LIABILITY INSURANCE

OP ID: SC

DATE (MM/DD/YYYY)

02/22/13

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Carl Konz Agency, Inc. 6800 Lake Dr. Ste. 295 West Des Moines, IA 50266 Senad Catic	515-222-0776	CONTACT NAME:	
	515-222-1252	PHONE (A/C, No, Ext):	FAX (A/C, No):
		E-MAIL ADDRESS:	
		PRODUCER CUSTOMER ID #:	A1SEP-1
		INSURER(S) AFFORDING COVERAGE	
INSURED A-1 Septic Solutions and Excavation DBA North Iowa Septic Solutions Dain Mann, VP Cory Nichols P 3609 S Federal; PO Box 1272 Mason City, IA 50401	INSURER A: Auto-Owners		NAIC # 18988
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		
	INSURER F:		

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDITIONAL INSURER	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY	X		39769793	03/14/12	03/14/13	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
	CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person)	\$ 5,000
	<input checked="" type="checkbox"/> XCU Included						PERSONAL & ADV INJURY	\$ 1,000,000
	GENL AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	\$ 1,000,000
	POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG	\$ 2,000,000
A	AUTOMOBILE LIABILITY			4929354100	10/18/12	10/18/13	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident)	\$
	<input checked="" type="checkbox"/> SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident)	\$
	<input type="checkbox"/> HIRED AUTOS							\$
	<input type="checkbox"/> NON-OWNED AUTOS							
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR	X		4902938600	08/30/12	08/30/13	EACH OCCURRENCE	\$ 4,000,000
	EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE						AGGREGATE	\$ 4,000,000
	DEDUCTIBLE							\$
	RETENTION \$							\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY		N/A	39769793	03/14/12	03/14/13	WC STATUTORY LIMITS	OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)							
	E.L. EACH ACCIDENT						\$ 500,000	
	if yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$ 500,000
							E.L. DISEASE - POLICY LIMIT	\$ 500,000
A	Performance bond			88163715	04/01/13	04/01/14	bond	280,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

City of Clear Lake and Veenstra & Kimm Inc are also Additional Insured as required by written contract for Highway 18 Watermain Improvement Project.

Should any of above policies be cancelled before expiration date Additional Insured will be sent 30 day written notice.

## CERTIFICATE HOLDER

## CANCELLATION

City of Clear Lake	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Senad Catic

© 1988-2009 ACORD CORPORATION. All rights reserved.

RESOLUTION No. \_\_\_\_\_

A RESOLUTION ACCEPTING WORK

WHEREAS, on October 15, 2012 the City of Clear Lake, Iowa, entered into a contract with Jim Hunt Electric, of Clear Lake, Iowa for the Clear Lake City Hall Generator Replacement Project, within the City, as therein described; and

WHEREAS, said contractor has fully completed the construction of said improvements, known as the Clear Lake City Hall Generator Replacement Project in accordance with the terms and conditions of said contract and plans and specifications, as shown on the certificate of the Architect filed with the Clerk on February 28, 2013:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CLEAR LAKE, IOWA:

Section 1. That said report of the Engineer be and the same is hereby approved and adopted and said improvements are hereby accepted as having been fully completed in accordance with the said plans, specifications and contract. The total contract cost of the improvements payable under said contract is hereby determined to be \$108,180.00.

PASSED AND APPROVED this 4<sup>th</sup> day of March, 2013.

\_\_\_\_\_  
Nelson P. Crabb, Mayor

ATTEST:

\_\_\_\_\_  
Jennifer Larsen, City Clerk



# AIA Document G704™ – 2000

## Certificate of Substantial Completion

**PROJECT:**  
*(Name and address)*  
 Clear Lake City Hall/Police Dept  
 Generator Replacement and Electrical  
 Upgrade, Project# 11012-1  
 115 8th Street SE  
 Clear Lake, IA 50428

**PROJECT NUMBER:** 11012-1/  
**CONTRACT FOR:** General Construction  
 (Including Mechanical and Electrical)  
**CONTRACT DATE:** October 16, 2012

OWNER:   
 ARCHITECT:   
 CONTRACTOR:   
 FIELD:   
 OTHER:

**TO OWNER:**  
*(Name and address)*  
 City of Clear Lake  
 15 North 6th Street  
 Clear Lake, IA 50428

**TO CONTRACTOR:**  
*(Name and address)*  
 Jim Hunt Electric LLC  
 1600 2nd Avenue South  
 PO Box 150  
 Clear Lake, IA 50428

**PROJECT OR PORTION OF THE PROJECT DESIGNATED FOR PARTIAL OCCUPANCY OR USE SHALL INCLUDE:**

The Work performed under this Contract has been reviewed and found, to the Architect's best knowledge, information and belief, to be substantially complete. Substantial Completion is the stage in the progress of the Work when the Work or designated portion is sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work for its intended use. The date of Substantial Completion of the Project or portion designated above is the date of issuance established by this Certificate, which is also the date of commencement of applicable warranties required by the Contract Documents, except as stated below:

### Warranty

**Date of Commencement**

Bergland and Cram Architects, Inc.

ARCHITECT

BY

February 7, 2013

DATE OF ISSUANCE

A list of items to be completed or corrected is attached hereto. The failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents. Unless otherwise agreed to in writing, the date of commencement of warranties for items on the attached list will be the date of issuance of the final Certificate of Payment or the date of final payment.

**Cost estimate of Work that is incomplete or defective: \$0.00**

The Contractor will complete or correct the Work on the list of items attached hereto within Zero (0) days from the above date of Substantial Completion.

Jim Hunt Electric LLC

CONTRACTOR

BY

DATE

2-7-13

The Owner accepts the Work or designated portion as substantially complete and will assume full possession at \_\_\_\_\_ (time) on \_\_\_\_\_ (date).

City of Clear Lake

OWNER

BY

DATE

TO OWNER City of Clear Lake  
PO Box 181  
Clear Lake, IA 50428

PROJECT: CL City/PD Generator  
15 N 6th St  
Clear Lake, IA 50428

APPLICATION NO: 11012-1-1 **4**

Distribution to:

<input type="checkbox"/>	OWNER
<input type="checkbox"/>	ARCHITECT
<input checked="" type="checkbox"/>	CONTRACTOR
<input type="checkbox"/>	
<input type="checkbox"/>	

PERIOD TO: 2/15/2013

FROM CONTRACTOR:  
Jim Hunt Electric  
PO Box 150  
Clear Lake, IA 50428

VIA ARCHITECT:  
Bergland & Cram  
102 E State St Ste A  
Mason City IA 50428

PROJECT NOS: 11012-1

CONTRACT FOR: Electrical Contract

CONTRACT DATE

**CONTRACTOR'S APPLICATION FOR PAYMENT**

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM	\$	<u>108,180.00</u>
2. Net change by Change Orders	\$	<u>                    </u>
3. CONTRACT SUM TO DATE (Line 1 + 2)	\$	<u>108,180.00</u>
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703)	\$	<u>108,180.00</u>
5. RETAINAGE:		
a. 5 % of Completed Work (Column D + E on G703)	\$	<u>5,409.00</u>
b. 5 % of Stored Material (Column F on G703)	\$	<u>0.00</u>
Total Retainage (Lines 5a + 5b or Total in Column I of G703)	\$	<u>5,409.00</u>
6. TOTAL EARNED LESS RETAINAGE (Line 4 Less Line 5 Total)	\$	<u>102,771.00</u>
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	\$	<u>92,268.28</u>
8. CURRENT PAYMENT DUE	\$	<u>10,502.72</u>
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6)	\$	<u>                    </u>

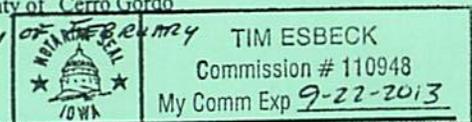
CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner		
Total approved this Month		
<b>TOTALS</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>NET CHANGES by Change Order</b>	<b>\$0.00</b>	

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: Jim Hunt Electric LLC

By: David L Snyder Date: 2-13-13

State of: Iowa County of: Cerro Gordo  
Subscribed and sworn to before me this 13TH DAY OF FEBRUARY 2013  
Notary Public: Tim Esbeck  
My Commission expires: 9-22-2013



**ARCHITECT'S CERTIFICATE FOR PAYMENT**

In accordance with the Contract Documents, based on on-site observations and the data comprising the application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED ..... \$ 10,502.72

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)  
ARCHITECT: Bergland & Cram

By: [Signature] Date: 2-13-13

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

# CONTINUATION SHEET

AIA DOCUMENT G703

AIA Document G702, APPLICATION AND CERTIFICATION FOR PAYMENT, containing Contractor's signed certification is attached.

APPLICATION NO: 11012-1-1  
APPLICATION DATE: 2/13/13

PERIOD TO: 2/15/13

In tabulations below, amounts are stated to the nearest dollar.

ARCHITECT'S PROJECT NO: 11012-1

Use Column I on Contracts where variable retainage for line items may apply.

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE	D WORK COMPLETED		F MATERIALS PRESENTLY STORED (NOT IN D OR E)	G		H BALANCE TO FINISH (C - G)	I RETAINAGE (IF VARIABLE RATE)
			FROM PREVIOUS APPLICATION (D + E)	THIS PERIOD		TOTAL COMPLETED AND STORED TO DATE (D+E+F)	% (G + C)		
1	Electrical								
	Materials	\$85,239.83	\$75,632.76	\$9,607.07		\$85,239.83	100.00%	\$0.00	\$4,261.99
	Labor	\$7,309.17	\$5,860.75	\$1,448.42		\$7,309.17	100.00%		\$365.46
2	Charlson Excavating	\$5,029.00	\$5,029.00			\$5,029.00	100.00%		\$251.45
3	Burtness Plumbing & Heat	\$9,102.00	\$9,102.00			\$9,102.00	100.00%		\$455.10
4	Dick Paulson	\$1,500.00	\$1,500.00			\$1,500.00	100.00%		\$75.00
	<b>GRAND TOTALS</b>	\$108,180.00	\$97,124.51	\$11,055.49	\$0.00	\$108,180.00	100.00%	\$0.00	\$5,409.00

February 27, 2013

To: Scott Flory, City Administrator

From: Linda Nelson, Finance Officer

Re: Audit RFP

Attached is the Request for Auditing Services Proposal for 5 fiscal years beginning June 30, 2013 to June 30, 2017.

The proposed schedule is as follows:

March 4, 2013	City Council reviews the RFP
March 5, 2013	Mail the Request for Auditing Services Proposals
April 15, 2013	Proposals Due
April 22-24, 2013	Interviews
May 6, 2013	City Council approval of the Auditing Firm

The Request for Auditing Services Proposal will be mailed to the following:

McGladrey LLP, Des Moines, IA  
Hogan-Hansen, Clear Lake, IA  
Potter & Brandt PLC, Clear Lake, IA  
Kronlage & Olson, Charles City, IA  
Bohnsack & Frommelt LLP, Taylor Ridge, IL

If you have any questions, please let me know.

City of Clear Lake, Iowa  
Request for Auditing Services Proposal  
For the Fiscal Years Ending June 30, 2013-2017

I. Instructions for Submission of Proposals

- A. All proposals must be submitted no later than April 15, 2013 at 5:00 p.m. to the Finance Department at the following address:

Finance Department  
City of Clear Lake  
15 N 6<sup>th</sup> St, PO Box 185  
Clear Lake, IA 50428

The outer envelope in which the proposals are submitted should be marked "Audit Proposal - Due April 15, 2013".

- B. Four (4) copies of proposals are required. These will not be opened until after the final submission date and hour noted above.
- C. The proposals will be evaluated as defined in Section V., Evaluation of Proposals. The evaluation committee is composed of one (1) member of the City Council, the Mayor, the City Administrator and the Finance Officer.
- D. Any questions or other inquiries regarding this audit services request for proposal should be directed to the Finance Officer Linda Nelson.

II. Scope of Audit

A. Comprehensive Annual Financial Report

The audit is to be performed in accordance with Chapter 11 and other applicable provisions of the Code of Iowa; the Single Audit Act Amendments of 1996; the standards for financial and compliance audits contained Government Auditing Standards issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133, Audits of State and Local Governments. The audit is also to be performed in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants (AICPA). Further, the auditor is to be familiar with those parts of the Code of Iowa that affect the operations of the City.

The purpose of your audit of the financial statements is to express an opinion on the fairness of the presentation of those included in the comprehensive annual financial report of the City in conformity with generally accepted accounting principles applied on a consistent basis. Your audit procedures should be sufficient in scope so as to enable you to express an opinion on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Clear Lake, Iowa, which collectively comprise the City's basic financial statements. If, during the course of your examination information should come to your attention which would require you to issue other than an

unqualified opinion, the nature of the change and the reasons therefore should be discussed with us prior to the submission of your report at the completion of the audit.

The examination of the City's financial statements will include all funds of the City. In the most recent report the City had the following funds:

General Fund (Major Fund)  
Special Revenue Funds (1 Major; 6 Non-major)  
Debt Service Fund (Major Fund)  
Capital Projects Fund (Major Fund)  
Enterprise Funds (3 Major; 1 Non-major)  
Permanent Funds (2)

#### B. Other Compliance Reports

The auditor will provide the City with the following additional reports:

1. Report on internal accounting control weaknesses observed during the audit.
2. Report on fiscal and statutory compliance deficiencies noted during the audit.
3. Report on any opportunities to improve operational effectiveness and efficiency that were noted during the audit.

The above reports in addition to the opinion of the independent auditor will be included in the comprehensive annual financial report. The auditor will be required to provide the City of Clear Lake a maximum of fifteen (15) copies of the reports.

#### C. Report Preparation Assistance

The City staff will prepare preliminary financial statements and various financial tables and schedules. You shall prepare as part of the CAFR: 1) the government wide financial statements; 2) fund financial statements; 3) notes to the financial statements; 4) supplemental schedules on individual funds; 5) supplemental schedule of Federal Financial Assistance and related reports separate from the CAFR. In addition you will be responsible for obtaining and preparing, but not auditing the trend data and statistical section of the CAFR.

The City of Clear Lake will also need to comply with other mandated GASB pronouncements that are effective for fiscal years during this contract period.

#### D. Special Services

The auditing firm may be required to perform special services if requested by the Finance Officer with the concurrence of the City Administrator and the City Council. Compensation for such services will be based on the same hourly rate as that of the annual audit referred to earlier in the proposal.

### III. Information Requested from Proposer

A. Qualifications of the Proposer

Responses to this proposal should include resumes of the personnel to be assigned to the audit. At a minimum, detailed information should be provided for the partner in charge of the audit and the senior who will be in charge of the on-site field work. This information should include their position in your firm and provide a brief description of their educational and professional experience, with particular emphasis on experience in auditing similar governmental units. Educational and audit experience qualifications of all assistants to be assigned to the audit should also be included.

Also, the following should be included in the proposal:

1. Describe your firm's experience in auditing governmental units. Please provide a listing of those units and designate those who were audited on a modified accrual basis; the types and amounts of federal funds included in their audit; and list those who currently hold or have held a GFOA Certificate of Achievement. Particular interest will be given to any experience your firm has had in assisting governmental units in obtaining or maintaining the GFOA Certificate of Achievement. This list should include only those cities audited by the office providing the bulk of the audit team if you are a multi-office firm.
2. Describe your firm's participation in professional activities related to serving governmental clients.
3. Describe the capability of your firm to provide management advisory services to cities such as ours.
4. Describe your firm's quality control procedures that insure compliance with professional and statutory standards.
5. Describe the formal independence guidelines within your firm.
6. Describe your firm's program of continuing professional education, internally and externally.

B. Proposer's Service

Your firm's response to this request for services should include a brief description of the audit procedures to be followed. This description should be presented in a form which shall best assist the City in evaluating your firm's ability to identify and evaluate local government financial issues.

Please provide the number of professional auditing staff to be utilized in this audit engagement by employee classification as follows:

<u>Audit Staff</u> <u>Employee Classification</u>	<u>Total</u> <u>Number</u>	<u>Number of</u> <u>C.P.A.'s</u>
_____	_____	_____

_____	_____	_____
_____	_____	_____
_____	_____	_____

Also, describe your firm's procedures in monitoring the progress of the audit and communicating the same to the City while the audit is in progress.

A tentative schedule for performing the key phases of the audit is to be included in your firm's proposal. This schedule should be based on the City's completion of the financial statements no later than September 30 of each year.

C. Compensation

Provide the firm's all-inclusive maximum fee by fiscal year for which the requested work will be done. The City may not need a Single Audit done each year for federal financial assistance programs. Provide a separate fee for each year should a Single Audit be required. A Single Audit will be required for fiscal year 2013.

The audit firm will not be reimbursed for any travel, per diem, photocopying, telephone bills, or other related expenses of the audit unless special costs are incurred at the specific request of the City.

Progress payments may be submitted in the month following the performance of the work and must include detailed hours worked by staff classification and hourly rates. The initial payment may be presented for pre-year end audit work, but may not exceed 20% of the total audit cost. The City will pay progress payments not to exceed 75% of the audit fee until completion of the field work. A minimum of 10% of the fee will be held to be paid after the final report is accepted by the City Administrator and Finance Officer and approved by the City Council.

Special services, if requested by the City, will be compensated on the same hourly basis as the audit.

IV. Other Relevant Data

A. Overview of the City's Financial Operations

The City of Clear Lake has a population of approximately 8,000. The City operates under a Mayor-Council form of government, utilizing a professional City Administrator. The City of Clear Lake provides services to its citizenry including general government, public safety, streets, community development, cultural and park facilities.

All accounting functions are centralized in the Finance Department. The City's accounting records are maintained on a computerized accounting system (Caselle Clarity with Civic Systems). The software is housed on a server with individual PC Workstations. The City records revenues when received and expenditures when incurred, and manually converts to modified accrual, as required, for reporting purposes. The financial software system prepares

budgetary reports on an individual department/activity basis; and basic financial statements. Other special and summary financial reports and schedules are prepared using Excel with exported information from the software.

The City's revenues and expenditures/expenses for governmental and proprietary funds for the fiscal year ending June 30, 2012 were:

	<u>Revenues</u>	<u>Expenditures/Expenses</u>
Governmental	\$ 11,041,666	\$ 9,327,310
Proprietary	2,030,424	1,838,108

The Proprietary Funds operated by the City include the Water, Sanitary Sewer, Solid Waste and Storm Water.

The amounts of bonds outstanding as of June 30, 2012 are as follows:

General Obligation	\$ 6,008,500
Forgivable Note	<u>120,000</u>
Total	<u>\$ 6,128,500</u>

The City pays vendors twice a month, for approval at each regular Council meeting. The City writes approximately 2,500 accounts payable checks annually. Payroll checks are written every two weeks. The City currently employs 75 full time and permanent part-time employees. Temporary and seasonal employees are also used, primarily in the summer months, which increase the number of total employees to approximately 125.

#### B. Responsibilities of the City

The City shall provide the auditor with the following:

1. An organized, timely, and well-documented closing of the City's books, including adequate supporting documentation and reconciliation of accounts.
2. Clerical assistance in typing requests for confirmation and obtaining documents for the files.
3. Financial workpapers of the department including, but not limited to cash reconciliations, investment schedules, accounts receivable listing, detailed accounts payable, accrued expenses including outstanding sick leave and vacation, and transfers in/transfers out reconciliation, capital assets including depreciation.
4. An available work area in the immediate vicinity of the Finance Department in City Hall.

#### C. Responsibilities of the Auditor

Prior to the close of each fiscal year, the auditing firm will present to the City a detailed list of audit-related tasks to be completed by the City. This list shall be in accordance with the responsibilities of the City as stated herein. The list of items to be prepared by the City shall be presented in a timely fashion so the City has sufficient time to prepare this information.

The auditing firm shall be required to prepare and submit a management letter to the City Administrator and Finance Officer of the City. The purpose of the letter is to make known certain recommendations of the audit firm which, if implemented would, in the firm's opinion increase efficiency, improve management, etc. No additional compensation shall be paid for the management letter.

Working papers of the audit are to be retained by the auditor for at least five years after the expiration of this contract. These documents are to be available for examination upon request by the City or its representative during normal working hours. Photocopies are to be available, upon request, at a reasonable fee; or at the City's prerogative, the working papers be made available to be photocopied.

Prior to the submission of the completed reports, the audit firm's staff will be required to review a draft of the proposed reports and management letter with the appropriate management staff.

All required audit reports shall be completed and submitted to the Finance Officer by December 1.

Authorization for the audit firm to commence any audit work shall be required in the form of an engagement letter approved by the City Administrator and Finance Officer. The engagement letter shall address the audit scope and the compensation for the audit as outlined in your response to the City's Request for Proposal.

#### D. Contractual Obligations

1. The audit firm must provide the manpower necessary to perform the audit work, as requested and authorized by the City.
2. The City may cancel its obligations to the audit firm by giving 30 days written notice. However, it is understood that the audit firm shall complete any audits in progress prior to cancellation if so directed by the City. Compensation will be based on hours worked at the stated hourly rate as detailed in Appendix A.
3. It is understood that the audit work to be done is covered in the Scope Section of the City's Request for Proposal.
4. This contract is not an exclusive one; the City reserves the right to assign similar work to other parties if the City so desires.

#### V. Evaluation of Proposals

Proposals will be evaluated and reviewed by the Evaluation Committee. Final determination will be made by the City Council upon the Evaluation Committee's recommendation. The award will be made to the firm which in the opinion of the City is the best qualified. Evaluation considerations will include the following areas:

- A. Responsiveness to the proposal and clearly stating and understanding the work to be performed. Specifically, the quality of the responses to Section III of this request for proposals.
- B. The experience of your firm in performing audits of this type, qualifications of the staff, the appropriateness and experience of the assigned staff levels, education including continuing education within the last three years, position in the firm and experience in auditing governmental accounting records.
- C. Although cost is significant for an audit, it will not be the exclusive factor.

The City of Clear Lake reserves the right to reject any and all proposals submitted and request additional information from any and all respondents to the proposal.

The Evaluation Committee will review all proposals submitted.

Interviews with auditing firms are tentatively scheduled for the week of April 22-24, 2013. Not all firms submitting proposals will necessarily be interviewed.

The Evaluation Committee tentatively plans to recommend approval of an auditing firm and an audit agreement at the May 6, 2013 Regular City Council meeting.