



## CITY OF SOUTH EL MONTE

1415 N. SANTA ANITA AVENUE  
SOUTH EL MONTE, CALIFORNIA 91733  
(626) 579-6540 • FAX (626) 579-2107



June 2, 2016

SingerLewak, Inc.  
10960 Wilshire Blvd, Suite 700  
Los Angeles, CA. 90024

Attention: Eric Corriveau

Dear Mr. Corriveau:

The City of South El Monte ("City") provides this response to each finding in the Draft Report of Forensic Accountant prepared by SingerLewak, LLP, dated February 26, 2016 ("Draft Report"). The Draft Report was prepared to address issues identified by the City's independent auditor Van Lant & Fankhanel in a letter dated September 8, 2015 ("VLF Letter").

There are 14 findings in the Draft Report. In general, the findings relate to various contracts (i) between the City and OH Consulting Services, Inc. dba Arroyo Strategy Group ("Arroyo") and (ii) between the City and ECM Group, Inc. ("ECM"). The City has terminated its contract with Arroyo, effective June 30, 2016. With one exception, the City has terminated all contracts with ECM effective April 30, 2016. The exception is a contract with ECM for the limited purpose of completing the Modular Restroom Project at New Temple Park, a project that ECM has been working on for a number of years.

On December 8, 2015, the City Council adopted an updated and revised Purchasing Ordinance. The Purchasing Ordinance (Chapter 3.16 of the Municipal Code) is designed to provide improved control procedures to ensure financial oversight over purchases, among other things.

On March 8, 2016, the City Council adopted a comprehensive Purchasing Manual. The purpose of the Purchasing Manual is to implement Chapters 3.16 and 3.18 of the Municipal Code, and to provide the City a means of assuring continuity and uniformity in its purchasing practices, provide Departments with guidelines to assist them so that they are operating purchasing practices within legal regulations, and to define responsibilities of the Purchasing Office and operating Departments.

Also on March 8, the City Council adopted the following five finance policies ("Finance Policies"):

1. Local Vendor Policy
2. Debarment Policy
3. Unclaimed Checks Policy
4. Accounts Payable Policy

## 5. Budget Accountability Policy

The Purchasing Manual, together with the Finance Policies, document the procedures and associated roles and responsibilities for purchasing/contracting with consultants/contractors/vendors for the provision of goods and services to the City, and for payment for such goods and services.

The Purchasing Manual has been distributed to all Departments to guide them in their purchases and contracting. The Municipal Code sets the City Manager or his or her designee with the authority and responsibility for purchasing. The City Manager has designated the Director of Finance as the “Purchasing Officer” and has designated the City Clerk as the “Contract Administrator.”

The City is confident that adoption and implementation of the Purchasing Ordinance, Purchasing Manual, and Finance Policies will prevent the reoccurrence of the issues and concerns identified in the VLF Letter, and analyzed in the Draft Report.

Below are the City’s specific responses to the findings in the Draft Report prepared by SingerLewak, LLP.

### ***Finding 1: City management failed to subject Arroyo and ECM contracts to competition.***

AGENCY RESPONSE: The City Council updated its Purchasing Ordinance (Ordinance No. 1199) in December 2015, and adopted a Purchasing Manual in March 2016 to provide the policies and procedures to implement the Purchasing Ordinance.

The Purchasing Ordinance, together with the Purchasing Manual, provide detailed requirements for staff to follow in procuring the professional services that were provided by Arroyo and ECM. These include limitations on the authority of the City Manager to approve contracts, and threshold requirements for when competitive procurement procedures are required. Chapter 3 of the Purchasing Manual sets forth detailed requirements for the procurement of professional/consultant services. A Request for Proposal process is required for such services, except for small dollar contracts (under \$2,500).

### ***Finding 2: City management failed to require and inspect proper record keeping and document retention policies related to contractors’ performance of contract.***

AGENCY RESPONSE: The City has updated its standard form of Professional Services Agreement to address the record keeping, document retention, and other concerns noted by the Draft Report; the updated form has been distributed to all Department heads for regular use. Additionally, the Purchasing Manual establishes the policy that all contracts shall be prepared by the City Attorney.

**Finding 3: *City management failed to institute and enforce control procedures that would assure payments were not made in excess of contractual limits. City management failed to institute and enforce control procedures that would assure compliance with contractual hourly rates.***

AGENCY RESPONSE: The City has upgraded its accounting software to assist with monitoring contracts. This accounting software will automatically track the progress of contracts, through purchase orders, to ensure the City is not paying vendors above and beyond the approved not-to-exceed amounts, or subsequent to the contract expiration dates.

Additionally, the Finance Policies adopted by the City Council in March 2016 address this finding. Under the Budget Accountability Policy, the Finance Department is required to provide budget status reports for both staff and City Council on a specified schedule. Furthermore, the Accounts Payable Policy establishes a policy and procedures relative to the issuance of checks. It calls upon Department directors to be responsible for the proper approval of payments and provides specific procedures as to how a payment is authorized and prepared.

**Finding 4: *City management failed to maintain sufficient control over accounts payable and check disbursement procedures.***

AGENCY RESPONSE: The City has adopted an Accounts Payable policy which establishes procedures relative to the issuance of checks. Specifically, in reference to this finding it is now the responsibility for the Finance Department to mail all checks (excluding those related to payroll or payroll related checks). The only exception is for checks payable to city employees. If a vendor requests expedited delivery of a check, then the vendor must supply the City with a prepaid envelope and address it to the same address as on the check.

The Manual outlines the responsibilities of the purchasing officer and office, the Finance Department, and the operating Departments. It also limits the frequency that a consultant can be paid by the City (no more than once per month unless it represents a final payment on a project), no advance payments to consultants and the mark-up percentage for out-of-pocket expenses cannot exceed 15 percent.

**Finding 5: *The City Manager executed three contracts (each in excess of \$25,000) and authorized payments of \$110,000 to Arroyo without City Council's approval.***

AGENCY RESPONSE: The City's Purchasing Ordinance establishes "currently adjusted maximum" contracts for an amount above that limit require City Council approval. Further, the Purchasing Manual establishes formal procedures requiring that contracts for supplies, equipment, and services over the "currently adjusted maximum" be taken to the City Council for approval. There are also duties set forth for the Purchasing Office and Purchasing Officer (Finance Director) to follow that provide for further oversight of purchases for services and construction. Finally, the Purchasing Manual establishes the policy that all contracts shall be prepared by the City Attorney, which provides a further check on whether contracts are properly authorized.

**Finding 6:** *With City Council's unanimous approval, the City Manager executed a separate contract with Arroyo, with a three-year term, which contains no maximum fee provision, and which fails to grant the City customary audit rights. Although present at the meeting where this contract was approved, the City Attorney did not sign this contract.*

AGENCY RESPONSE: The contract that is the subject of this finding did not conform to the requirements of the City's then-standard template for professional services, including a maximum fee provision, audit rights, and a signature block for the City Attorney to approve as to form. The City's newly adopted Purchasing Manual requires that all contracts over \$2,500 be prepared by the City Attorney. Furthermore, the City Attorney periodically updates the professional services agreement template to provide greater protection to the City, and has recently submitted a revised template to the City.

**Finding 7:** *Arroyo failed to allow inspection of its records, although obligated to do so in accordance with six of the contracts effective during the report period. In response to our inspection request, Arroyo asserted that it does not maintain any physical office location. Consequently, we were unable to perform an inspection of Arroyo's records, and were unable to analyze important quantitative aspects of Arroyo's performance, such as the hours of labor provided, the dates on which labor was supplied, and details of tasks performed.*

AGENCY RESPONSE: The City has terminated its professional services with Arroyo. See also response to Finding 6.

**Finding 8:** *With reference to contracts executed or pending during the fiscal year ended 06/30/15, between the City and ECM: the City Manager executed one contract and authorized payments of \$29,376 to ECM without City Council's approval.*

AGENCY RESPONSE: See response to Finding 5.

**Finding 9:** *ECM submitted false time and billing reports to the City, and received public funds on the basis of such false information.*

AGENCY RESPONSE: The City has terminated its professional services with ECM. Furthermore, the Accounts Payable Policy, adopted March 2016, establishes procedures regarding approval of invoices and the issuance of checks that address this finding. The policy requires that City Departments to be responsible for the proper approval of payments and provides specific procedures as to how a payment is authorized and prepared.

**Finding 10:** *No contract or supporting documents exist related to a number of special projects assigned to Arroyo, and for which Arroyo was paid.*

AGENCY RESPONSE: The Purchasing Manual requires contracts for all services in excess of \$2,500. A purchase order system has also been established, to assist in processing payments and monitoring the dollar limits of each purchase. The Accounts Payable Policy, adopted March 2016, establishes procedures regarding approval of invoices and the issuance of checks that address this finding. The Policy requires that City Departments to be responsible for the proper approval of payments and provides specific procedures as to how a payment is authorized and

prepared. The Policy also requires that the Finance Department confirm that the requested payment does not exceed the limit set forth in the applicable contract or purchase order.

**Finding 11:** *Although specifically prohibited from reimbursement of expenses without prior written authorization, Arroyo tendered reimbursement claims, and was paid reimbursements of \$3,283 including expenses related to a trip to Sacramento, cables and electronics, and a room fee for the SR-60 Coalition meeting, without prior written authorization.*

AGENCY RESPONSE: The Accounts Payable Policy establishes a policy and procedure regarding the issuance of checks. It calls upon Departments to be responsible for the proper approval of invoices and payments, and provides specific procedures as to how a payment is authorized and prepared. Regarding expense reimbursements, the Policy requires the Department manager to review the invoice to insure that, among other things:

“Any expense reimbursements contained in an invoice are incurred in accordance with the agreement. If the agreement does not contain a provision for expense reimbursement then the invoice must include a written authorization from the City Manager, dated before the expense was incurred, authorizing the expense and its reimbursement by the City.”

**Finding 12:** *Timesheets submitted by Arroyo are unsubstantiated.*

AGENCY RESPONSE: The Accounts Payable Policy establishes a policy and procedure regarding the issuance of checks. It calls upon Departments to be responsible for the proper approval of invoices and payments, and provides specific procedures as to how a payment is authorized and prepared. The professional services agreement template requires the Consultant to “maintain complete and accurate records with respect to time, costs, expenses . . .” and provide free access of those records to the City.

**Finding 13:** *The ECM contracts were altered substantially without approval of the City Council.*

AGENCY RESPONSE: The Purchasing Manual establishes the policy that all contracts shall be prepared by the City Attorney, which provides a check on whether contracts are altered without required authorization. Additionally, the Purchasing Manual provides procedures as to the handling of change orders and amendments, and places limits on the City Manager’s ability to approve such changes.

**Finding 14:** *Certain timesheets submitted by ECM are unsubstantiated.*

AGENCY RESPONSE: See response to Finding 12.

\*\*\*\*\*

In addition to the Specific Findings, the Draft Report includes 13 recommendations, which can be grouped into three categories:

- (1) Internal accounting control measures.

- (2) Recommendations regarding professional services
- (3) Specific recommendations regarding ECM and Arroyo.

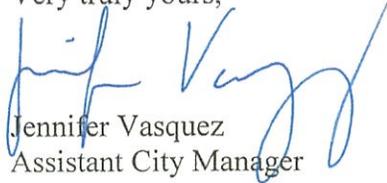
A. Internal Accounting Control Measures

The following ten of the 13 recommendations are related to accounting control measures and professional services. As shown above in the responses to the Findings, the City has implemented measures to address all ten recommendations: an updated Purchasing Ordinance, a Purchasing Manual, new and updated finance policies, new accounting software, a revised professional services template, and termination of contracts.

- “1. City Management should institute and enforce control procedures to assure payments are not made in excess of contractual limits.
- 2. City Management should institute and enforce control procedures to assure contractual hourly rates are applied for services rendered to the City.
- 3. City Management should institute and enforce control procedures to assure expense reimbursements are not paid unless authorized pursuant to the terms of the contract.
- 4. City Management should institute and enforce control procedures to assure the reasonableness of hours charged and all other charges to the City.
- 5. City Management should institute and enforce control procedures to assure that vendor payments are immediately placed into the US mail after signature, addressed to the vendor’s address of record.
- 6. The Finance Department should institute and enforce control procedures to assure that no payments are authorized on contracts unless approved City Council—unless under the City Manager’s authority.
- 7. City Management should require contractors to maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, work product, and other pertinent information related to the performance of contractors’ duties on City contracts.
- 8. City Management should obtain inspection rights relative to the above in all City contracts.
- 9. City Management should establish a procedure to regularly subject the Arroyo and ECM contracts to a competitive bidding process.
- 10. City Council should consider terminating or winding down ongoing contractual relations with one or both contractors.”

In addition to the above ten recommendations, the Draft Report had: (i) an additional recommendation to establish a procedure to obtain background reports on prospective contractors and establish criteria for the fitness and integrity of City contractors; and (ii) two additional recommendations specifically regarding ECM and Arroyo. Background checks are warranted for contractors that perform staff functions, and the City will obtain background reports for such contractors. As noted above, the contracts with ECM and Arroyo have been terminated, and the City has adopted a suspension and debarment policy.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jennifer Vasquez", is written over the typed name and title.

Jennifer Vasquez  
Assistant City Manager

Confidential Report of Forensic Accountant

To address issues and concerns raised in a letter and attachments prepared by Van Lant & Fankhanel LLP on September 8, 2015.

Presented to the City Council  
City of South El Monte  
California

Prepared by  
SingerLewak, LLP  
Los Angeles, California

Draft Dated  
February 26, 2016

Final Dated  
June 21, 2016

### Executive Summary

Based upon inquiry and analysis as described below, and subject to limitations explained at the end of this report, our general findings are as follows:

With reference to contracts executed or pending during the fiscal year ended 06/30/15, between the City of South El Monte ("City") and OH Consulting Services, Inc. dba Arroyo Strategy Group ("Arroyo"):

- City management failed to establish and enforce sufficient control over the selection, performance, compliance, and disbursement processes related to these contracts.
- The City Manager executed three contracts (each in excess of \$25,000) and authorized payments of \$110,000 to Arroyo without City Council's approval.
- With City Council's unanimous approval, the City Manager executed a separate contract with Arroyo, with a three-year term, which contains no maximum fee provision, and which fails to grant the City customary audit rights. Although present at the meeting where this contract was approved, the City Attorney did not sign this contract.
- Arroyo failed to allow inspection of its records, although obligated to do so in accordance with six of the contracts effective during the report period. In response to our inspection request, Arroyo asserted that it does not maintain any physical office location. Consequently, we were unable to perform an inspection of Arroyo's records, and were unable to analyze important quantitative aspects of Arroyo's performance, such as the hours of labor provided, the dates on which labor was supplied, and details of tasks performed.

With reference to contracts executed or pending during the fiscal year ended 06/30/15, between the City and ECM Group Inc. ("ECM"):

- City management failed to establish and enforce sufficient control over the selection, performance, compliance, and disbursement processes related to these contracts.
- The City Manager executed one contract (in excess of \$25,000) and authorized payments of \$29,376 to ECM without City Council's approval.
- ECM submitted false time and billing reports to the City, and received public funds on the basis of such false information. Notably, ECM timesheets included the following claims:
  - ECM claimed staff member Armando Martinez worked on City business for 25 hours on 06/30/14; 26 hours on 07/01/14; 27 hours on 07/02/14; and 25 hours on 07/09/14;

- ECM claimed staff member Cynthia Maldonado worked on City business for 70 hours during the four-day period from 06/30/14-07/03/14 (17.5 hours per day for four consecutive days); and
- ECM principal Hector Castillo admitted that the above-referenced labor claims are fictitious, and were generated in order to secure the maximum fee allowed under the contracts.

Table of Exhibits

Exhibit A	VLF Letter dated 09/08/15 (w/Attachments)
Exhibit B	Schedule of Arroyo Contracts
Exhibit C	Schedule of Payments to Arroyo
Exhibit D	Schedule of ECM Contracts
Exhibit E	Schedule of Payments to ECM
Exhibit F	Analysis of Omar Hernandez Time and Billing
Exhibit G	Analysis of Reimbursements and other Miscellaneous Payments to Arroyo
Exhibit H	ECM Group, Inc. Selected Day Hours Detail – Armando Martinez
Exhibit I	ECM Group, Inc. Selected Day Hours Detail – Cynthia Maldonado
Exhibit J	Schedule of Payments to ECM for Questionable Timesheets

## Forensic Accountant's Report

According to the American Institute of Certified Public Accountants (AICPA), forensic accounting involves the application of special skills in accounting, auditing, certain areas of the law, and research and investigative skills to collect, analyze, and evaluate evidential matter and to interpret and communicate findings, including analyses or investigations in both litigation and non-litigation settings.

This forensic accounting engagement was conducted in accordance with the AICPA's Standards for Consulting Services and AICPA's Code of Professional Conduct. We have applied our best efforts as professional consultants in this matter. We make no assurance regarding the sufficiency of the procedures described below, or the quality of the evidence obtained, either for the purpose for which this report has been requested or for any other purpose.

We have performed inquiry and analysis as described below for the period of 07/01/14-06/30/15 (the "Report Period"), solely to assist the City in accomplishing internal purposes that were not disclosed to us. Management of the City is responsible for its financial accountability and its compliance with all legal and contractual requirements.

We were not engaged to and did not conduct a financial audit, the objective of which would be to provide assurance regarding the City's financial statements. Accordingly, we do not provide such assurance. Had we performed a financial audit, other matters might have come to our attention that would have been reported to you.

This is a confidential investigation. All reports and information developed herein are confidential. The matters under review herein indicate the potential breach of a number of contracts to which the City is a party, among other legal considerations. We will not release this report or any related information to the public. Any decision to publish the contents of this report is under the absolute control of the City.

We disclosed at the outset of this engagement that a manager in our tax department currently serves as a board member of the Oversight Board to the Successor Agency of the South El Monte Improvement District, and is professionally acquainted with the current City Manager. Our tax manager was not involved in, and had no access to our files and records in this matter. The City Attorney has reviewed this situation, and advised the City regarding any legal ramifications.

Note: this report is subject to several important limitations as identified below.

### Background

The City is a 58-year-old California municipal corporation located in the San Gabriel Valley of Los Angeles County, with a constituency of approximately 20,000 (as of 2010), and a general fund budget of about \$13.5 million (as of 2013). The City issues annual audited financial statements at its fiscal year-end, on June 30<sup>th</sup> of each year. The City's auditor is Van Lant & Fankhanel LLP (VLF), of Loma Linda, CA, at current. On September 8, 2015, VLF issued a letter and attachments raising concerns primarily related to contracts and transactions with two City contractors: Arroyo and ECM (the "VLF Letter"). A copy of the VLF letter is attached at Exhibit A.

### Objectives of Engagement

The purpose of our engagement was to investigate in detail the issues and concerns raised in the VLF Letter, to provide the City with a thorough understanding of the subject matter of the VLF Letter, and to provide general recommendations to improve policies and procedures in the City's contracting process.

### Scope of Engagement

The scope of our analysis was limited to contracts and transactions involving Arroyo or ECM executed or pending during the Report Period, along with all books and records related thereto, contract and correspondence files, reports, forms, tickets, worksheets, and other supporting documentation.

### Documentation Received

We have received and reviewed, as necessary, the following documents from the City:

- Copies of contracts between ECM and the City;
- Correspondence between ECM and the City;
- Invoices from ECM to the City;
- ECM timesheets;
- Payment Checks issued to ECM;
- Copies of contracts between Arroyo and the City;
- Correspondence between Arroyo and the City;
- Invoices from Arroyo to the City;
- Arroyo timesheets;
- Payment Checks issued to Arroyo;
- Various grant applications prepared by Arroyo;
- The City's Vendor Payment History report detailing checks to ECM and Arroyo;
- Various City Council Resolutions;
- City Council Meetings, Agendas & Minutes during the Report Period; and
- Various email correspondence by and between City officials and consultants.

### Procedures

In connection with our analysis of the contracts, invoices, warrant requests, and other documentation provided by the City during the Report Period, related to ECM or Arroyo, we performed the following forensic accounting procedures:

- Reviewed and prepared a comprehensive list of active contracts during the period, including information contained therein related to effective date, scope, completion/expiration date, compensation amount and/or hourly rates, and approval by City management and/or City Council;

- Reviewed and prepared a comprehensive list of invoices paid during the period, including information contained therein related to invoice number, listed hours and/or units, description of services, rate per hour/unit, and invoice amount;
- Reviewed and prepared a comprehensive list of warrant requests and payments relating to vendor invoices during the period, including date approved, department head approval, department coding, check number, check date, memo description, check amount, and check signatures;
- Matched vendors invoices and payments to identifiable contracts included in the period and that the payment terms provided in the contracts were satisfied;
- Reviewed and prepared separate analyses for Arroyo related to payments made under the general Professional Services agreement, including analysis of timesheet information provided therein, reimbursements and other miscellaneous payments;
- Reviewed and prepared separate analyses for ECM related to timesheet information provided under the general Professional Services agreement and other engineering contracts, detailing weekly hours invoiced by ECM staff during the period; and
- Reviewed additional documentation provided by the City for evidence of approval of contracts and/or reimbursed expenses by City Council and/or City management, including e-mail correspondence, City Council agendas and meeting minutes.

To supplement our understanding of the accounting, contract, and financial records, and to gain a detailed understanding of the policies and procedures related to the procurement and contracting processes for the City, we conducted interviews with City management and staff, and with principals of both of the contractors. Among those interviewed were:

- David Bass, Consultant
- Hector Castillo, Principal of ECM
- Joseph Gonzales, Councilmember
- Omar Hernandez, Principal of Arroyo
- Manuel Mancha, Community Development Director
- Joe Nocella, Finance Director
- Irma Peniche, Grants Coordinator
- Jennifer Vasquez, Assistant City Manager
- Anthony Ybarra, City Manager

In addition to being interviewed a number of times, Assistant City Manager Jennifer Vasquez diligently provided additional research, documentation, and support.

### Findings

- City management failed to subject the Arroyo and ECM contracts to competition.

A schedule of all Arroyo contracts during the Report Period is attached at Exhibit B. A schedule of all ECM contracts during the Report Period is attached at Exhibit D.

Arroyo has been a contractor to the City continuously for the past 13 years approximately. ECM has been a contractor to the City continuously for the past 18 years approximately. Based on our analysis of the relevant contracts and supporting documents none of the contracts for either Arroyo

or ECM during the Report Period were subject to a competitive bidding process. Moreover, based on our inquiries neither contractor has been subjected to a competitive bidding process in over five years, or more.

Based on interviews with City management and staff, the services provided by Arroyo and ECM are not highly specialized, and there are competitive firms in the local marketplace that would seek to compete for the City's business. By failing to invite competition, City management is unable to assure it is receiving sufficient value in exchange for its contracting dollars.

- City management failed to require and inspect proper record keeping and document retention policies related to contractors' performance of contracts.

Most or all of the subject contracts attached at Exhibits B and D do not require the contractor to maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, work product, and other pertinent information related to the discharge of the contractors' duties, nor do the contracts specify a requisite retention period for the contractor to maintain such records. Moreover, at least one of the Arroyo contracts fails to grant the City inspection rights regarding such records of the contractor related to the performance of the contract. These conditions interfere with City management's ability to measure and control the contractors' performance of City contracts.

- City management failed to institute and enforce control procedures that would assure payments were not made in excess of contractual limits. City management failed to institute and enforce control procedures that would assure compliance with contractual hourly rates.

Although the City's accounting software contains a purchase order function, which would monitor contractual fee caps, this function was not activated during the contract period. The finance or accounting department bears the primary responsibility to activate the function, and assure that payments are not made in excess of contractual limits.

Moreover, there is no manual procedure to assure that contractual hourly rates are applied for services rendered to the City. The contracting officer, typically a department head, is responsible to assure the reasonableness of the hours charged, and other charges to the City. This person typically shares the responsibility to assure compliance with contractual rates with the accounting department

- City management failed to maintain sufficient control over accounts payable and check disbursement procedures.

Omar Hernandez, the principal of Arroyo, is involved with the distribution of Cal Home Grant funds to qualified constituents for home improvement projects in disadvantaged areas. In a number of discussions with Irma Peniche, we learned that Mr. Hernandez—as a matter of practice—personally picks up checks payable to contractors working on home improvement projects through the Cal Home program. By Ms. Peniche's description, Mr. Hernandez picks up the contractors' payment checks for every contract for every home improvement grant performed in the City.

This is a significant control deficiency. Once checks are signed, they should immediately be placed into the US mail, to the verified address on the vendor's file. In urgent situations, checks may be sent via overnight delivery to the vendor's verified address at the vendor's expense. In rare circumstances, checks may be picked up from the finance department and released to the contractor's authorized representative, as specified in the vendor's file.

- The City Manager executed three contracts (each in excess of \$25,000) and authorized payments of \$110,000 to Arroyo without City Council's approval.

Refer to Exhibit B at Reference Numbers 3, 4, and 5. These contracts were executed by City Manager Tony Ybarra, but no evidence exists that these contracts were ever approved by the City Council. The maximum fees authorized by these contracts was \$145,000 in total, although only \$110,000 was actually paid to Arroyo. These contracts relate to the preparation and submission of applications and supporting materials for an Active Transportation Program Grant and an Affordable Housing and Sustainable Communities Grant.

Each of these contracts reference the contractor's regular hourly rates at paragraph 3.1.1 and state that the fee shall not exceed a particular amount. Nonetheless, Arroyo billed the entire amount allowed under the contracts, with a 75% upfront payment and a 25% payment due upon submission. These contracts were not subjected to a competitive bidding process. Arroyo is unable to produce timesheets to justify any of the hours worked on these projects.

- With City Council's unanimous approval, the City Manager executed a separate contract with Arroyo, with a three-year term, which contains no maximum fee provision, and which fails to grant the City customary audit rights. Although present at the meeting where this contract was approved, the City Attorney did not sign this contract.

The currently pending general services agreement with Arroyo (Exhibit B, Reference no. 2), encompasses a 43-point scope of work, and has absolutely no maximum fee limit. Moreover, the contract does not require Arroyo to compile or maintain books or records related to its performance of the contract, nor does it provide the City with any rights with regard to the inspection or audit of Arroyo's business records related to the contract. The contract was not subjected to a competitive bidding process.

- Arroyo failed to allow inspection of its records, although obligated to do so in accordance with six of the contracts effective during the report period. In response to our inspection request, Arroyo asserted that it does not maintain any physical office location. Consequently, we were unable to perform an inspection of Arroyo's records, and were unable to analyze important quantitative aspects of Arroyo's performance, such as the hours of labor provided, the dates on which labor was supplied, and details of tasks performed.

Refer to Exhibit B at Reference Numbers 1, 2.1, 3, 4, 5, and 6. Each of these contracts contain an inspection provision at paragraph 4.4. We attempted to perform an inspection of Arroyo's business

records related to these contracts. In a written correspondence Arroyo stated that it no longer maintained any physical office location, and that its only business address was a post office box. Moreover, in an interview, Mr. Hernandez stated that he kept no books and records related to his performance under the contracts, and did not keep copies of his work product related to the contracts.

If true, these business practices are extraordinary in the realm of government contracting, and extremely irregular in reference to a contractor who received in excess of \$460,000 of public funds on government contracts with the City during the Report Period.

- With reference to contracts executed or pending during the fiscal year ended 06/30/15, between the City and ECM: The City Manager executed one contract and authorized payments of \$29,376 to ECM without City Council's approval.

Refer to Exhibit D at Reference no. 9. This contract was executed by City Manager Tony Ybarra, but no evidence exists that this contract was ever approved by the City Council. The maximum fees authorized by these contracts was \$29,376 in total, and this amount was paid in full. This appears to be a change order related to a contract the Durfee Avenue Improvement Project to provide engineering services related to street lighting in a freeway underpass.

Because this contract is referred to as a change order, it would appear that the hourly rates from the underlying contract would apply to the change order. Inspection of ECM's invoices related to this change order confirm that it is an hourly rate agreement, and hours of labor are billed at the contract rates set out in the underlying contract.

- ECM submitted false time and billing reports to the City, and received public funds on the basis of such false information.

In our technical analysis of ECM's billing records, we noticed several extremely abnormal situations. ECM's invoices contain claims that staff member Armando Martinez, providing Design Engineer services, worked on various contracts for the City for the following hours on the following dates:

Monday 06/30/14	25 hours;
Tuesday 07/01/14	26 hours;
Wednesday 07/02/14	27 hours; and
Wednesday 07/09/14	25 hours.

Additionally, ECM claimed staff member Cynthia Maldonado, provided Engineering and Construction Support services, worked on City business for 70 hours during the four-day period from 06/30/14-07/03/14 (17.5 hours per day for four consecutive days). The above information is a strong indication of false billing practices.

When confronted with this information, ECM principal Hector Castillo admitted that the above-referenced labor claims are fictitious, and were generated in order to secure the maximum fee allowed under the contracts. He admitted that it is his firm's practice, on fee-not-to-exceed

contracts and change orders, to take the maximum allowed fee, to divide that fee by the hourly rates of the personnel assigned, and to create timesheets for the corresponding hours.

In connection with our review of ECM's billing records, and for contracts relating to Durfee Avenue, Thienes Avenue, New Temple Park, Safe Routes to School, and Skate Park Revisions, we noted that ECM's invoices attached timesheet documents wherein there was no indication of which ECM staff member performed the listed services. Upon request, ECM's project manager, Leonardo Di Masi, provided the City with additional matrices matching the staff members with the services listed on the timesheets. We prepared an analysis of the timesheet data compiling the total number of weekly and/or daily hours billed to the City for each ECM staff member during the audit period. Based on this analysis, we noted multiple instances of highly irregular billing, as referenced above and on the documents attached as Exhibits H and I.

These billing practices raise genuine concern regarding the performance of the contracts and change orders, as referenced at Exhibit J. ECM was paid a total of \$165,292 in reference to these particular contracts and change orders during the Report Period.

- No contract or supporting documents exist related to a number of special projects assigned to Arroyo, and for which Arroyo was paid.

Our review of the City's disbursement information indicated Arroyo was paid \$7,500 for a project entitled "Washington DC Application-28 acres;" \$7,000 for a project entitled "ICSC Packet;" and \$5,000 for a project entitled "State of the City." No contracts or timesheets regarding these expenditures could be located.

- Although specifically prohibited from reimbursement of expenses without prior written authorization, Arroyo tendered reimbursement claims, and was paid reimbursements of \$3,283 including expenses related a trip to Sacramento, cables and electronics, and a room fee for the SR-60 Coalition meeting, without prior written authorization.

Refer to highlighted items at Exhibit G. Per Agreement for Professional Services contract, dated 12/01/14, under item 3: Compensation: B. Reimbursable Expenses: "Consultant shall not be reimbursed for any expenses unless it receives prior, written authorization from the City." We have identified \$3,282.51 of reimbursed expenses included on invoices dated after 12/01/14, which includes expenses related a trip to Sacramento, cables and electronics, and a room fee for the SR-60 Coalition meeting. Arroyo principal, Omar Hernandez, has stated that these expenses have been approved; however, we were provided with no substantiating documentation, nor have we been able to locate any approval contained in the City Council minutes.

We have also identified \$12,690.69 of additional reimbursed expenses during the period of 07/01/14 through 11/30/14. During this period, an earlier Professional Services Agreement ("PSA"), dated 12/11/12, was in effect. The PSA dated 12/11/12 provides compensation on an hourly fee for service basis, and does not contain any provision for the reimbursement of the contractor's expenses. Mr. Hernandez asserts that there were separate PSAs related to these items, in particular, for website development expenses totaling \$4,500. However, he has not been able to produce copies, nor have we been able to locate any record of them in the City's records. To date,

no additional PSAs have been provided. Additionally, we were provided with no substantiating communication (e-mail or otherwise), nor have we been able to locate any approval contained in the City meeting minutes.

➤ Timesheets submitted by Arroyo are unsubstantiated.

Examination of invoices and timesheets related to the Arroyo PSAs dated 12/01/14 and 12/11/12 indicates that Mr. Hernandez worked on these contracts 2,089 hours during the Report Period, and billed the City at the principal's rate of \$95 per hour (increased to \$110 per hour on 12/01/14). See Exhibit F at Pages 1-2. The time reports attached to Arroyo's invoices report work in whole hours, and are accompanied by consistently vague work descriptions. When asked about the details of his time expended in the service of these contracts, Mr. Hernandez stated that he kept no substantiating documentation for the hours he worked. Under these circumstances we are unable to substantiate the work performed, or the validity of the time charges.

Please note that the above hours do not include any grant writing services—which are covered under separate PSAs. As referenced at Page 2 of Exhibit F, Arroyo charged the City a total of \$184,000 in additional fees for grant writing and supplemental services, which would equate to approximately an additional 1,673 hours at his customary rate of \$110 per hour. Mr. Hernandez also kept no substantiating documentation for the hours he worked on these projects. Under these circumstances we are unable to evaluate the level of effort necessary to produce this additional work product or to assess the value the City received in exchange for the payment of public funds.

➤ The ECM contracts were altered substantially without the approval of the City Council.

Of the 18 ECM contracts active during the report period, 15 are short-form "Notices to Proceed" or "Change Orders." Refer to Exhibit D at reference nos. 4-19. Most of these short-form contracts related to two major street improvement projects during the period: Thienes Avenue and Durfee Avenue. The identified cumulative dollar amount related to Thienes Avenue change orders during the period was \$35,560, which was in addition to the initial contract dated 01/28/14 for \$38,000, a cost increase of 94%. The identified cumulative dollar amount relating to Durfee Avenue change orders during the period was \$84,213, which was in addition to the initial contract dated 2/11/14 for \$67,500, a cost increase of 125%.

Because each of these short-form contracts fell below the threshold of the City Manager's contracting authority, Council approval was not required. The cumulative effect of these change orders was significant, and if considered in the aggregate, would have required the approval of Council.

➤ Certain timesheets submitted by ECM are unsubstantiated.

No timesheet detail was available for the following ECM invoices:

Invoice no. 12-12633, dated 03/16/15, in the amount of \$2,937.60;  
Invoice no. 12-12634, dated 03/16/15, in the amount of \$853.05;  
Invoice no. 12-12635, dated 03/16/15, in the amount of \$9,248.00;

Invoice no. 12-12636, dated 03/16/15, in the amount of \$7,375.00; and  
Invoice no. 12-12638, dated 03/30/15, in the amount of \$20,000.00.

### Recommendations

- City Council should confer with the City Attorney and consider the relative risks and merits of proceeding with a civil action against one or both contractors for breach of contract and/or other causes of action.
- City Council should confer with the City Attorney and consider barring one or both contractors from City work for a period of time.
- City Council should consider terminating or winding down ongoing contractual relations with one or both contractors.
- City Management should establish a procedure to regularly subject the Arroyo and ECM contracts to a competitive bidding process.
- City Management should establish a procedure to obtain background reports on prospective contractors and establish criteria for the fitness and integrity of City contractors.
- City Management should require contractors to maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, work product, and other pertinent information related to the performance of contractors' duties on City contracts.
- City Management should obtain inspection rights relative to the above in all City contracts.
- City Management should institute and enforce control procedures to assure payments are not made in excess of contractual limits.
- City Management should institute and enforce control procedures to assure contractual hourly rates are applied for services rendered to the City.
- City Management should institute and enforce control procedures to assure expense reimbursements are not paid unless authorized pursuant to the terms of the contract.
- City Management should institute and enforce control procedures to assure the reasonableness of hours charged and all other charges to the City.
- City Management should institute and enforce control procedures to assure that vendor payments are immediately placed into the US mail after signature, addressed to the vendor's address of record.
- The Finance Department should institute and enforce control procedures to assure that no payments are authorized on contracts unless approved City Council—unless under the City Manager's authority.

### Limitations

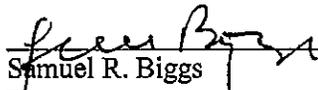
Any forensic engagement is limited by the completeness and accuracy of the business records under review. Business records may become disorganized, misplaced, or miscategorized. The participants may become unavailable, and their memories may become problematic. As a practical matter, under these circumstances, it is possible that defalcations did occur but will not be disclosed by our inquiry. Because of the conditions described above, it is not possible to attest to the reliability of the City's records, or the records of the contractors identified herein. In recording the observations in this report, and drawing conclusions which arise from the data, we are limited by the circumstances of the data examined.

This is not a workplace investigation and may not be used for performance review, disciplinary action, or other personnel action. If the City believes that the information contained herein indicates the violation of law, regulation, workplace rules, policies, or procedures, by a City employee, this report may be used as the basis to initiate a separate workplace investigation under HR guidelines. If so, we recommend you consult with an employment attorney prior to proceeding.

\* \* \*

At this time, we have concluded our inquiry in this matter. We trust that this information addresses your concerns and assists in achieving your objectives. If we may be of further service, please advise.

Respectfully submitted,

  
\_\_\_\_\_  
Samuel R. Biggs  
Partner  
SingerLewak LLP

**Exhibit A**



September 8, 2015

Mr. Hector Delgado  
Mayor Pro Tem, City of South El Monte  
2414 Central Avenue  
South El Monte, California 91733

As the external auditors for the City of South El Monte for the year ended June 30, 2014, we issued the required report regarding the City's internal control over financial reporting and on compliance (report date of April 9, 2015). A copy of our report, which was addressed to the City Council, is attached to this letter (**Appendix A**). In that report, we noted various concerns regarding the City's purchasing function, relationships with certain consultants, and the contract monitoring process. Some of these issues were also identified in our report for the 2012-13 fiscal year.

We have performed preliminary audit procedures for the City's 2014-15 fiscal year, and noted that the issues identified in the 2013-14 report mentioned above have not been fully addressed and corrected by the City's management, and, in some cases, have escalated. Our audit standards require that we communicate certain matters directly to the City Council. The purpose of this letter is to ensure that all City Council members are made aware of the issues we have encountered, and our concerns. It has been mailed to all Council Members. The issues identified in this letter are, in our professional judgment, significant and relevant to your oversight of the City's finances and the financial reporting process. Also, it should be noted, audit standards require that we report our findings directly to external funding agencies, such as the State of California, if an agency's management and those charged with governance fail to take timely and appropriate steps to respond to our findings and recommendations.

Due to the significance of the issues identified below, we believe the City should conduct a special investigation, or audit, to review these transactions and the related internal controls, or lack thereof. Due to the nature and lack of appropriate supporting documentation for these transactions, we will not be able to issue an audit opinion on the City's June 30, 2015 financial statements until a more thorough investigation of these transactions is completed. In addition, some of the costs identified below were charged to restricted funds in the City's accounting records, which will most likely result in questioned costs and compliance findings in our audit reports.

The following is a summary of issues encountered while performing audit procedures:

---

Van Lant & Fankhanel, LLP  
25901 Kellogg Street  
Loma Linda, CA 92354

909.856.6879

EXHIBIT A

1. The City paid Arroyo Strategy Group approximately \$461,000 during the 2014-15 fiscal year. In the previous fiscal year, the City paid this same consultant approximately \$380,000. These payments apparently result from several contracts approved by the City Manager for this consultant. It is not clear when, or if, these contracts were approved by the City Council. The schedule at Appendix B provides a summary of these transactions.
2. An agreement with the Arroyo Strategy Group was approved by the City Council on December 9, 2014. The agreement specifically states the "Consultant shall not be reimbursed for any expenses unless it receives prior, written authorization from the City" and, "Consultant shall submit an itemized bill to the City on a monthly basis. Billing shall include the total number of hours worked per week for the prior month..." Based on a review of disbursements to this vendor it appears that invoices are being received by the City approximately every 2 weeks for services related to this agreement. In addition, this consultant bills for other services (e.g. grant writing) during the same time periods. Therefore, the City was billed approximately every week from this vendor, rather than monthly. It is unclear, based on our audit procedures, which services should be covered by the contract approved by the City Council, and which services should be billed under separate contracts. Also, it appears payments to this consultant are normally processed as "P" checks (or rushed checks) rather than being processed through the normal accounts payable check runs, which raises questions and concerns.

The above contract includes hourly billing rates of \$75 and \$35 for Associate and Clerical positions. However, only the Principal position was billed during the 2014-15 fiscal year, at \$110 per hour.

Also, through review of credit card disbursements, it appears that the City Manager purchased a hotel room and airline tickets for this vendor using the City's credit card. In addition, through review of the disbursements paid to this consultant, the consultant also invoiced and received payment for airline tickets and hotel expenses. There was no indication on the invoice that the consultant received "prior written authorization."

3. It appears the City is contracting with Arroyo Strategy Group for grant writing services. Based on our experience, cities without grant-writing personnel on staff normally enter into grant-writing contracts after receiving proposals (whether competitively bid or not) from independent contractors, with not-to-exceed contract amounts for a given period, such as a one-year, or three-year period. These contracts, unless insignificant in amount, are normally presented as agenda items in formal City Council meetings, and are either approved or denied by City Council action. These contracts and the related City Council actions are normally well-documented in the Agenda packets and the approved City Council meeting minutes. These contracts are then monitored each fiscal year by City staff and the City Council.

However, the City of South El Monte is paying for grant-writing services based on informal quotes received from Arroyo Strategy Group on a grant-by-grant basis. It is

EXHIBIT A

unclear how the consultant arrives at the quoted prices. In most cases, it is not clear when, or if, the City Council has approved these contracts. When awarded these contracts, the consultant requests partial up-front payments (75% of total amount), prior to any services being performed, and then bills the remainder of the contract amount at a later date. It is unclear from the consultant's invoices we examined how many hours were expended by the consultant, or what costs were incurred. For the 2014-15 fiscal year, the City paid Arroyo Strategy Group \$233,715 for grant writing and other services. It is unclear what the City accomplished or received as a result of these services.

4. All of the issues identified in Finding No. 2014-4 in the attached report were present and noted in our 2014-15 fiscal year audit. In addition, other factors noted in the current year audit cause us to question whether these costs are reasonable. For example, through review of invoices 2014-47 and 2015-07 from Arroyo Strategy Group, we reviewed the timesheets for Omar Hernandez attached to the invoices. The timesheets for invoice 2014-47 covered the weeks 8/25/14 to 8/31/14, 9/1/14 to 9/7/14 and timesheets for invoice 2015-07 covered the weeks of 12/15/14 to 12/21/14, 12/22/14 to 12/28/14, and 1/5/15 to 1/11/15. These time periods are approximately 4 months apart, however, the detailed description of the services being provided was exactly the same. Many other invoices reviewed appeared identical, with only the number of hours changed during each weekly period. It should also be noted, the timesheets for the weeks of 8/25/14 to 8/31/14 and 9/1/14 to 9/7/14 indicate Omar Hernandez charged the City for 64 and 66 hours, respectively, which is well over the normal 40-hour work week.
5. Currently, the City classifies the contract with Arroyo Strategy Group as an independent contractor relationship, rather than an employer/employee relationship. Due to the nature and extent of the services provided by Arroyo Strategy Group, it is unclear whether the independent contractor status is in compliance with the applicable IRS rules. If it was deemed these services actually represented an employer/employee relationship, the City could be assessed significant penalties and back taxes. Due to the significance of the amounts involved, the City should consider obtaining a determination from the IRS for this particular contract.
6. The City enters into professional services agreements with consultants throughout the year to perform various services for the City. Based on our procedures, it is unclear if the contracts and agreements that were signed by the City Manager are within his authority to do so, given the amount of the contracts (many above \$25k). For instance, many of the agreements we examined were not approved by the City Council, or were not awarded through any sort of competitive process. We also noted there was no documentation explaining why the competitive bid process was not utilized. It is our understanding that City staff is currently working on a revised purchasing policy for the City, which may address these issues.
7. The City has been contracting with ECM Group, Inc. (ECM) for engineering services, for several years. Amendments to the original contract are periodically proposed and

## EXHIBIT A

approved by the City's management and City Council. During the 2014-15 fiscal year, total payments of approximately \$803,000 were made to ECM, which represents a monthly average of approximately \$67,000. Although the contract with ECM calls for monthly billings, ECM has been submitting invoices based on other time periods, such as 2-week or 3-week periods.

The invoices submitted by ECM are supported by "Weekly Time Sheet Reports" prepared for the applicable personnel, which include a list of projects (by name), and the number of hours expended on each project. The contract with ECM includes maximum hours allowed for each authorized position, including a maximum of 30 hours per week for the "City Engineer," and a 40-hour per week maximum for "Engineering Support Services." Based on the invoices we tested, it appears ECM is billing the maximum 30 hours on each "City Engineer" invoice. Our review of selected Weekly Time Sheet Reports for the City Engineer, indicated that the hours entered (and worked) are rounded to the hour, with no partial hours being reported, which raises questions and would seem unlikely in practice. In addition, the invoices tested included the maximum billing of 40 hours for the Engineering Support Services.

The prior year internal control report at Appendix A included a finding regarding contract monitoring. Based on our audit procedures, it appears there is very little monitoring of the ECM contract by City staff. For example, it appears no one is tracking the number of hours expended by ECM on each project, as listed on the Weekly Time Sheet Reports. Although the individual invoices are approved by the City's management, there is no indication that the contract as a whole is being monitored for reasonableness.

While many cities have engineers on staff (employees), other cities contract out for these services. However, for large projects, the engineering service contracts are normally awarded by project, in formal City Council meetings, with not-to-exceed maximums. These contracts are then tracked by management throughout the contract process. Although the ECM contract provides for a maximum number of hours, there is no tracking of total costs expended on specific projects.

### Summary

As indicated above, we recommend the City conduct a more thorough investigation of these transactions. As the City's external auditors, our independence standards would preclude us from performing such an investigation. The audit of the City's June 30, 2015 financial statements will be suspended until this special audit is completed. In addition, because of the nature and significance of these issues, we are required to expand our normal audit procedures for the City's 2014-15 fiscal year audit. Therefore, we will be requesting additional audit fees, which can be negotiated at a later date.

We also recommend the City perform a thorough evaluation of the current procurement policies and related internal controls. Policies and procedures should be implemented to ensure greater

EXHIBIT A

transparency, proper approvals, and appropriate documentation for all purchases, including the procurement of professional services. If you have any questions regarding the above, please contact Greg Fankhanel, CPA, Audit Partner, at (909) 856-6879, or by email at [gfankhanel@vfcpa.com](mailto:gfankhanel@vfcpa.com).

Respectfully submitted,

*Van Lant + Fankhanel, LLP*



**Van Lant &  
Fankhanel, LLP**  
— Certified Public Accountants —

**Appendix A**

**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

City Council  
City of South El Monte  
South El Monte, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of South El Monte (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 9, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 2014-1 and 2014-2, in the accompanying schedule of findings and responses, to be material weaknesses.

Van Lant & Fankhanel, LLP  
25901 Kellogg Street  
Loma Linda, CA 92354

909.856.6879

## Appendix A - continued

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as items 2014-3 and 2014-4 in the accompanying schedule of findings and responses to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2014-4.

### City of South El Monte's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Van Luit + Fankhaed, LLP*

April 9, 2015

**Appendix A - continued**

**CITY OF SOUTH EL MONTE  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2014**

*2014-1: Purchasing Policies and Procedures*

Finding:

The following is continued from the prior year:

As part of our risk assessment procedures, we evaluated the City's internal controls over various processes by obtaining an understanding of the policies and procedures of the City. In obtaining an understanding of the City's purchasing function we noted that the City's Municipal Code governing the purchasing process has not been updated since 1995. In addition, the procedures in the City's informal Finance Procedures Manual, prepared more recently than 1995, do not necessarily correlate with the Municipal Code. For example, the City's Municipal Code section 3.16.040 indicates "Purchases of supplies and equipment shall be made only by purchase order." When we discussed this with City staff and inspected the supporting documentation for purchases made, there was no indication that purchase orders are being used unless requested by a vendor. Furthermore, it appears the City's accounting system does not have a purchase order function that would be capable of providing the necessary purchase order controls of tracking the amounts charged to an approved contract. See finding 2014-2 for related information.

In addition, through review of the City's Municipal Code and the Finance Procedures Manual, it is unclear as to what competitive bidding procedures should be followed when procuring and contracting for professional services, including various limits that would require informal quotes, formal bidding procedures, etc.

Also, there is no indication that the City's Finance Procedures Manual has ever been approved by the City Council.

Recommendation:

Therefore, we recommend the City review its policies and procedures regarding the purchasing function, contained in the Municipal Code and the Finance Procedures Manual, to determine what revisions are necessary. The City should consider establishing more comprehensive and consistent guidelines, which City staff can refer to when making purchases of supplies and equipment, as well as procuring professional services. The guidance should provide detailed limits and thresholds for professional services, similar to public contracts, and should ensure competitive bidding and transparency throughout the purchasing process. It should be noted, the City has competitively bid for various professional service contracts; however, as indicated above, we did not find a Council-approved policy that describes in detail which procedures should be followed.

## Appendix A - continued

### CITY OF SOUTH EL MONTE SCHEDULE OF FINDINGS AND RESPONSES Year Ended June 30, 2014

Management's Response:

I acknowledge that there is a deficiency in that the City does not have a formal Finance Procedures manual nor does it have an updated Purchasing Policy and Procedures. The Finance Procedures manual will be brought before the City Council at the time when the budget for Fiscal Year 2015-16 is presented to them. It is anticipated that the manual will be approved at the same meeting as the adoption of the FY2015-16 budget. In addition, the City's Municipal Code is being updated, though no timetable has been set as to its adoption.

*2014-2: Contract Monitoring*

Finding:

The following is continued from the prior year:

As noted above, the City's accounting system does not have a system to track the purchases or expenditures charged to specific contracts. In addition, based on discussions with City staff, there does not appear to be an informal system for tracking the progress of specific contracts. For example, various professional services and public works contracts are approved by City Council with a "not-to-exceed" amount and/or a date in which the contract will expire. During our testing of various contracts, we noted the City had a contract with a vendor that was approved by City Council, in prior years, and, based on the contract, expired in March 2014. However, the City continued to pay the monthly vendor charges through the end of the fiscal year (June 2014). It should be noted that City staff prepares a listing of contracts along with the expiration dates, as applicable. These expiration dates are communicated to the appropriate management personnel. However, the City does not enter the original contract amounts or any amendments (not-to-exceed amounts) into the purchasing system. Therefore, City staff are not able to track the cumulative contract costs within the purchasing system.

Recommendation:

Based on our finding described above, we recommend the City look into creating an informal contract monitoring process or implement a function in the City's accounting system that can automatically track the progress of contracts, through purchase orders, to ensure the City is not paying vendors above and beyond the approved not-to-exceed amounts, or subsequent to the contract expiration dates.

## Appendix A - continued

### CITY OF SOUTH EL MONTE SCHEDULE OF FINDINGS AND RESPONSES Year Ended June 30, 2014

#### Management's Response

The Finance Director is working with the City Clerk to develop an Excel-based internal control system where contracts are monitored, focusing on key dates such as contract expiration and insurance requirements for said contract. Since the City is small, and its contracts with vendors are equally small in number, a system that is developed internally is cost-effective as opposed to purchasing a system that is "off the shelf". It is our intent to have such contract control in place by mid FY2015-16.

#### *2014-3: Cash Receipts*

#### Finding:

As noted in prior years, certain key functions and duties require a segregation to ensure the same person is not receiving and posting cash receipts, preparing the deposit, reconciling end-of-day amounts along with the ability to make changes to the electronic cash receipting system, (such as voiding or modifying cash receipts). Cash collection transactions and support thereof, should be reviewed on a timely basis. Additionally, controls over electronic cash receipts systems should require a separate password for each user. While gaining an understanding of the City's cash receipting process, we found that the same person receives cash, reconciles amounts at the end of the day, prepares the deposit and has access to system functions allowing the ability to void receipts and modify amounts. The information that supports the daily cash collections is not provided to the Finance Department until month-end. Additionally, we noted that the two persons who utilize the cash register share one password.

#### Recommendation:

The City should implement and structure internal controls to separate cash receipting duties and/or implement procedures to ensure cash reports or logs of changes made are adequately reviewed on a timely basis. Further, we recommend that individual passwords are required for each cash register user.

#### Management's Response:

We acknowledge this deficiency in the cash control and, unfortunately, the City was unable to develop a multi-password system with the developer of the recently installed upgraded accounting software. However, as a work around, those responsible for the cashier's window at City Hall will be initialing the original receipts after each transaction.

## Appendix A - continued

### CITY OF SOUTH EL MONTE SCHEDULE OF FINDINGS AND RESPONSES Year Ended June 30, 2014

#### *2014-4: Consultant Services*

##### Finding:

The City utilizes the services of a consultant to provide various professional services, including grant writing, housing loan application reviews, attending various meetings, etc. Over the course of the 2013-14 fiscal year, the City paid this consultant approximately \$380,000. In order to determine the reasonableness of these expenditures, we obtained various contracts entered into with the City and also reviewed invoices submitted by the consultant. Listed below are 5 major concerns we noted based on our procedures:

#### 1) *\$175,000 General Services Agreement*

The City signed an agreement dated November 14, 2012 with the Consultant to provide general services to the City for a "not-to-exceed" amount of \$175,000. Through review of the agreement, it is difficult to determine which services would fall under the scope of this particular contract. The agreement indicates the services to be provided are as indicated in "Exhibit A"; however, we were not able to obtain and review the Exhibit A. In addition, it should be noted, during the 2013-14 fiscal year, the City paid approximately \$150,000 to the consultant for "General Services."

#### 2) *Significant Number of Check Payments made by the City*

During the 2013-14 fiscal year, the City prepared and disbursed approximately 45 different checks to this particular consultant. This indicates payment was made to this consultant almost every week (average). In many cases, these checks were prepared outside of the City's normal check runs (special check runs). These payments were applied to various contracts with this consultant. It is unclear why a single monthly payment system is not used for this consultant, similar to the majority of other services being provided by other vendors, or why checks to this consultant are not paid through the normal check runs of the City. In addition, it is not clear why the City enters into various separate contracts with this consultant throughout each fiscal year, rather than having one comprehensive contract, which could be more easily monitored.

While considering the significant payments made to this consultant throughout each fiscal year, it is also unclear whether this particular situation represents an independent contractor relationship under the applicable laws, or whether it represents an employee/employer relationship, which would be subject to the normal employer taxes and laws. There are various factors used by the taxing authorities to determine if an "independent contractor" is actually an employee. The City should continually monitor the relationship with this consultant to ensure compliance with applicable tax laws.

## Appendix A - continued

### CITY OF SOUTH EL MONTE SCHEDULE OF FINDINGS AND RESPONSES Year Ended June 30, 2014

#### 3) *Contract Approval Process*

The City provided us with an agreement with the consultant, dated March 26, 2014 entitled, "Professional Services Agreement for Creation and Submission of an Application for Active Transportation Program." The contract was for approximately \$70,000. While trying to obtain evidence of City Council approval of this particular contract, we found this item was listed on the agenda of the February 25, 2014 City Council meeting as "Active Transportation Grant." There was no staff report found for this item, nor any indication in the minutes that the City had approved an agreement with Arroyo Strategy Group. We then listened to the audio recording of the City Council meeting which, through a verbal discussion between the City Council and the principal of the consultant, it was informally determined it would cost the City approximately \$72,000 to apply for the Active Transportation Grant. However, there was no indication in the audio recording of a contract approval or a professional services agreement.

Also, for the various contracts awarded to this consultant, it does not appear the City utilized a competitive bidding process. Because of the findings described in item 2014-1 above, it is not clear what bidding procedures should be followed for professional services in general, along with the contracts for these particular services.

#### 4) *Up-Front Billing and Payments*

Through review of numerous invoices from this consultant we found that many of the invoices were for grant writing services. The services provided and invoices paid for grant writing services were in addition to the "General Services" contract discussed at (1) above. Through additional inquiry and review, we found that some of these contracts for additional services were approved by the City Council; however, it appears that many were not. Many of these services were billed "up-front" for approximately 75% of the contract cost. In other words, before any service was provided by the consultant, the City paid 75% of any agreed-upon price to the consultant. For example, for the Active Transportation Grant application agreement mentioned above, the City paid \$52,500 (or 75% of \$70,000 agreement) as an up-front payment before the consultant performed any work under the agreement.

#### 5) *Lack of Supporting Documentation for Invoices*

While inspecting various invoices submitted by the consultant we found that for many invoices, from one week to the next, the description of the work performed was identical between different periods. Only the number of hours expended was changed between the separate time periods. In addition, the consultant charged the City approximately \$9,000 for "ICSC Packet Printing" and "SR-60 Coalition Printing." There was no agreement noted,

## Appendix A - continued

### CITY OF SOUTH EL MONTE SCHEDULE OF FINDINGS AND RESPONSES Year Ended June 30, 2014

and the invoices did not indicate the number of copies created or per-packet price. Also, many of the invoices for grant writing services contained no description of the work performed, but only included the name of the grant. For example, the consultant submitted two invoices for the "Active Transportation Grant." The first invoice was an up-front payment as indicated above and the second invoice was submitted upon completion. Both invoices had a single line description of "Active Transportation Program" for the work performed, with no additional detail. It is unclear exactly what services the City is paying for. For instance, if these are to pay consultant hours, the number of hours and agreed-upon rate should be included. If for other costs, these should be listed also.

#### *Summary:*

As independent external auditors, our standards require us to report our findings to management and those charged with governance. We have outlined our most significant concerns regarding the City's business relationship with this consultant, in order to ensure the City Council is fully aware of the total costs being paid to this particular consultant, as well as how the payments are being processed and approved throughout each fiscal year.

#### Recommendation:

We recommend the City Council review the above concerns regarding the contracts with this consultant to determine what future changes could be made, to provide for greater transparency and monitoring of contracts with this vendor. The City should consider consolidating the various separate contracts into one annual contract, and also establish procedures to monitor the progress and payment on these contracts. However, above all, the City should document why these services were not subject to the competitive bid process, or consider procuring these types of services through the competitive process, which could be formally documented. If the City is going to enter into a "general services" agreement, such an agreement should describe which services would fall under such a contract. Any charges to a general services contract should be fully documented and monitored.

Also, regarding grant-writing services, our experience has indicated that, for those cities who utilize outside contractors (rather than internal grant-writing personnel), the contracts with grant writers are normally approved in a public meeting, and are fully documented through staff reports and subsequent inclusion in the formal meeting minutes. These contracts are usually annual, or multi-year contracts, with fixed, not-to-exceed fees, rather than separate contracts for each grant application.

## Appendix A - continued

CITY OF SOUTH EL MONTE  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2014

Management's Response:

The City will review the contracts in question with said consultant and look to consolidate all contracts and side agreements into a master contract so to control duties, or look to convert the outstanding contracts to a single work-order contract, whereby tasks will be assigned on a work-order basis.

Appendix B

Summary of Payments to Arroyo Strategy Group

<u>Service:</u>	<u>Payments Made to Consultant</u>	<u>Amount Approved by City Council</u>	<u>Variance</u>
General Services 7/1/14 to 11/30/14	\$ 97,808	\$95 per hour	n/a (a)
General Services 12/1/14 to 6/30/15	129,310	\$110 per hour	n/a (b)
Subtotal	\$ 227,118	Unknown	Unknown

<u>Service:</u>	<u>Payments Made to Consultant</u>	<u>Amount Approved by City Council</u>	<u>Variance</u>
Grant Writing Services	\$ 207,500	\$ -	\$ (207,500) (c)
Other Services/Reimbursements	26,215	-	(26,215)
Subtotal	\$ 233,715	\$ -	\$ (233,715)
<b>Total Disbursements to Arroyo Strategy Group in FY 2014-15</b>	<b>\$ 460,833</b>		

- (a) The Professional Services Agreement dated December 11, 2012, between the City of South El Monte and Arroyo Strategy Group includes an hourly billing rate by the consultant of \$95 per hour with a total not-to-exceed billing per year of \$175,000. The agreement was approved by the City Council on December 11, 2012.
- (b) The Professional Services Agreement dated December 1, 2014, between the City of South El Monte and Arroyo Strategy Group includes an hourly billing rate by the consultant of \$110 per hour. There is no indication in the agreement of a maximum number of hours to be billed or a total not-to-exceed contract cost.
- (c) City staff provided us 3 professional services agreements between the City and Arroyo Strategy Group for grant writing services totaling \$145,000. These agreements were signed by the City Manager, City Attorney, and the City Clerk. We were provided no other agreements between the City and Arroyo Strategy Group in relation to grant writing services during the 2014-15 fiscal year. In addition, we found no evidence that the 3 professional service agreements described above were approved by City Council in a public meeting.

**Exhibit B**

## EXHIBIT B

City of South El Monte  
Schedule of Arroyo Contracts  
FYE 06/30/15

Ref. No.	Date	Scope	Completion / Expir. Date	Rtnc / Hr	Maximum Compensation	Approved by	Other Bids	Approval by City Council
1	5/14/2014	Prepare and submit applications for the State of California Housing and Community Development CalHome Grant	6/30/2014	N/A	25,000.00	Anthony Ybarra	No	Yes (Resolution No. 14-45)
2	12/1/2014	Professional Services	11/30/2017	Principal - \$110/hr Associate - \$75/hr Clerical - \$35/hr	None Listed	Anthony Ybarra	No	Yes (Resolution No. 14-87)
2.1	12/11/2012	Professional Services	12/31/2014	Principal - \$95/hr Associate - \$65/hr Clerical - \$35/hr	175,000.00	Anthony Ybarra	No	No
3	1/6/2015	Prepare and submit application and relevant attachments to the California Department of Transportation for the Active Transportation Program Grant	5/22/2015	N/A	35,000.00	Anthony Ybarra	No	No
4	2/9/2015	Prepare application and all relevant attachments to the Affordable Housing and Sustainable Communities to the California State Strategic Growth Council	5/15/2015	N/A	35,000.00	Anthony Ybarra	No	No
5	3/16/2015	Prepare and submit application and relevant attachments to the California Department of Transportation for the Active Transportation Program Grant	5/22/2015	N/A	75,000.00	Anthony Ybarra	No	No
5.1	3/16/2015	Addendum to contract re Active Transportation Program Grant	5/22/2015	N/A	15,000.00	Anthony Ybarra	No	No
6	6/10/2015	Prepare and submit application and all relevant attachments for the Highway Safety Improvement Program Cycle 7 Call for Projects to the California Department of Transportation	7/31/2015	N/A	45,000.00	No signature	No	Yes (Walk-On Item in Minutes dated 6/9/15)
7	10/28/2014	Prepare and submit application and all relevant attachments for the 2015 Metro Call for Projects grant to Metro and the State	1/16/2015	N/A	35,000.00	N/A	No	Yes (Resolution No. 14-79)

**Exhibit C**

EXHIBIT C

City of South El Monte  
 Schedule of Payments to Arroyo  
 FYE 06/30/15

Invoice Date	Invoice No.	Invoice Amount	Project / Description	Check Date	Check No.	Amount on Check
07/14/14	2014-39	6,250.00	Calhome / Calhome Mobile Homes	07/14/14	121708	6,250.00
07/15/14	2014-40	6,555.00	Housing/Planning/Special Projects	07/22/14	121786	6,555.00
07/14/14	2014-41	872.00	Reimb. - Presentation Bd	07/17/14	121809	872.00
07/03/14	2014-42	9,215.00	Housing/Planning/Special Projects	08/06/14	121876	9,215.00
07/03/14	2014-45	5,890.00	Housing/Planning/Special Projects	08/27/14	122089	5,890.00
08/25/14	2014-43	6,580.11	Railvolution Conference	08/27/14	122090	6,580.11
08/27/14	2014-44	6,125.00	Reimbursements - Various	08/27/14	122091	6,125.00
09/08/14	2014-47	13,998.69	Housing/Planning/Special Projects/Reimbursements	09/09/14	122168	13,998.00
09/16/14	2014-48	13,425.00	Reimbursements - Various	09/16/14	122184	13,425.00
10/01/14	2014-51	8,965.00	Housing/Planning/Special Projects/Reimbursements	10/01/14	122312	8,965.00
10/15/14	2014-53	9,465.00	Housing/Planning/Special Projects/Reimbursements	10/15/14	122411	9,365.00
10/23/14	2014-55	4,680.00	Housing/Planning/Special Projects/Reimbursements	10/23/14	122510	4,680.00
10/29/14	2014-56	26,250.00	2015 Metro Call for Projects	10/29/14	122514	26,250.00
11/06/14	2014-57	7,315.00	Housing/Planning/Special Projects	11/16/14	122578	7,315.00
11/20/14	2014-63	7,980.00	Housing/Planning/Special Projects	11/20/14	122665	7,980.00
11/26/14	2014-65	7,500.00	28 Acres Washington DC Package	11/26/14	122678	7,500.00
12/10/14	2014-72	10,420.00	Housing/Planning/Special Projects	12/10/14	122764	10,420.00
12/17/14	2014-74	9,316.00	Calhome	12/17/14	122793	9,316.00
01/06/15	2015-01	35,250.00	ATP Grant/ICSC Packet/State of the City	01/06/15	122910	35,250.00
01/15/15	2015-07	10,450.00	Housing/Planning/Special Projects	01/15/15	122980	10,450.00
01/15/15	2015-08	2,388.05	Housing/Planning/Special Projects	01/15/15	122981	2,388.05
01/27/15	2015-09	8,750.00	2015 Metro Call for Projects	01/27/15	123043	8,750.00
01/29/15	2015-10	12,980.00	Housing/Planning/Special Projects	01/29/15	123051	12,980.00
02/09/15	2015-12	26,250.00	Affordable Housing and Sustainable Communities Grant	02/10/15	123170	26,250.00
02/28/15	2015-17	14,250.00	Housing/Planning/Special Projects/Reimbursements	02/23/15	123276	14,250.00
02/23/15	2015-16	8,750.00	Affordable Housing and Sustainable Communities Grant	03/02/15	123324	8,750.00
03/16/15	2015-22	11,710.00	Housing/Planning/Special Projects/Reimbursements	03/15/15	123435	11,710.00
03/19/15	2015-24	3,520.00	Housing/Planning/Special Projects	03/19/15	123501	3,520.00
Unknown	2015-23	22,500.00	Active Transportation Program 2015	03/26/15	123528	22,500.00
04/01/15	2015-25	10,340.00	Housing/Planning/Special Projects	04/02/15	123549	10,340.00
04/23/15	2015-31	13,549.46	Housing/Planning/Special Projects/Reimbursements	04/23/15	123738	13,549.46
05/04/15	2015-32	1,250.00	State of the City	05/05/15	123788	1,250.00
05/07/15	2015-33	12,755.00	Housing/Planning/Special Projects/Reimbursements/ICSC Packet	05/07/15	123880	12,755.00
05/21/15	2015-34	7,350.00	Housing/Planning/Special Projects	05/21/15	123956	7,350.00
05/21/15	2015-35	15,000.00	Active Transportation Program 2015 - Safe Routes to School	05/21/15	123956	15,000.00
05/28/15	2015-36	18,750.00	Active Transportation Program 2015 - Safe Routes to School Final	05/28/15	123983	18,750.00
05/28/15	2015-37	7,500.00	2015 ATP Grant - Santa Anita Walkability Projects	05/28/15	123983	7,500.00
06/04/15	2015-39	7,860.00	Housing/Planning/Special Projects	06/04/15	124057	7,860.00
06/10/13	2015-42	33,750.00	Highway Safety Improvement Program Cycle 7	06/11/15	124077	33,750.00
06/29/15	2015-45	15,230.00	Housing/Planning/Special Projects	07/01/15	124217	15,230.00
<b>Total Invoiced</b>		<b>460,934.31</b>		<b>Total Payments</b>		<b>460,833.62</b>

**Exhibit D**

EXHIBIT D

City of South El Monte  
 Schedule of ECM Contracts  
 FYE 06/30/15

Ref. No.	Effective Date	Scope	Completion / Expir. Date	Rate / Hr	Maximum Compensation	Approved by	Other Bids	Approval by City Council
1	01/08/07	Professional Services	Until services have been rendered	Construction Manager: \$110-145/hr Traffic Engineer: \$125-145/hr Public Works Inspector: \$75-95/hr Registered Civil Engineer, P.E.: \$125 -165/hr	34,200.00	Blanca Figueroa (Mayor)	No	No
1.1	07/01/08	Amendment No. 1 to Agreement	6/30/2013	Principal: \$185/hr City Engineer: \$165/hr Project Manager: \$110/hr Assistant to City Engineer: \$110/hr Senior Engineer: \$110/hr Design Engineer: \$95/hr Engineering Inspector \$85/hr Tech/Cad: \$75/hr Engineering Supp. Serv. (Project Cntrls. Admin.): \$75/hr	No changes noted from original agreement	Blanca Figueroa (Mayor)	No	No
1.2	07/01/13	Amendment No. 2 to Agreement	6/30/2015	Principal: \$185/hr City Engineer (Callu): \$185/hr Project Manager: \$110/hr Assistant to City Engineer: \$125/hr Senior Engineer: \$110/hr Design Engineer: \$95/hr Engineering Inspector \$85/hr Tech/Cad: \$75/hr Engineering Supp. Serv. (Project Cntrls. Admin.): \$90/hr	100 Maximum Hours/Week Breakdown: City Engineer: 30 hrs Support Services: 40 hrs Other: 30 hrs	Luis Aguinaga (Mayor)	No	No
1.3	07/01/15	Amendment No. 3 to Agreement	6/30/2018	No changes noted from Amendment No. 2	No changes noted from Amendment No. 2	Luis Aguinaga (Mayor)	No	Yes (Resolution No 15-37)
2	01/28/14	Professional Services Agreement for Tiblenc Avenue Street Improvement Project	6/13/2014	Senior Civil Engineer: \$125/hr Quality Assurance/Quality Control: \$125 Design Engineer/AutoCAD Designer: \$95 Construction Support: \$85/hr Surveyor: \$125/hr	38,000.00	Luis Aguinaga (Mayor)	No	Yes (Resolution No 14-05)
3	02/11/14	Professional Services Agreement for Durfee Avenue Street Improvement Project	12/31/2014	Senior Civil Engineer: \$125/hr Quality Assurance/Quality Control: \$125 Design Engineer/AutoCAD Designer: \$95 Construction Support: \$85/hr Electrical Engineer: \$125/hr Surveyor: \$125/hr	67,500.00	Luis Aguinaga (Mayor)	No	Yes (Resolution 14-06)
4	07/03/14	Notice to Proceed re Change Order No. 2 Safe Routes to School	N/A	N/A	4,750.00	Anthony Ybarra	No	No
5	08/11/14	Notice to Proceed re Stozler Ave.	N/A	N/A	1,400.00	Anthony Ybarra	No	No
6	09/17/14	Notice to Proceed re fee proposal for Skate Park Phase II Revisions	N/A	\$85/hr	3,400.00	Anthony Ybarra	No	No
7	09/22/14	Notice to Proceed re Change Order No. 3 Safe Routes to School	N/A	N/A	4,700.00	Anthony Ybarra	No	No
8	12/11/14	Notice to Proceed re fee for Durfee Avenue Street Improvement Project	N/A	N/A	5,687.00	Anthony Ybarra	No	No
9	12/23/14	Notice to Proceed re Change Order for Durfee Avenue Street Improvement Project	N/A	N/A	29,376.00	Anthony Ybarra	No	No

EXHIBIT D

City of South El Monte  
 Schedule of ECM Contracts  
 FYE 06/30/15

Ref. No.	Effective Date	Scope	Completion / Expir. Date	Rate / Hr	Maximum Compensation	Approved by	Other Bids	Approval by City Council
10	02/10/15	Notice to Proceed re Request for Additional Funds Thienes Avenue Street Improvement Project	N/A	\$85/hr - minus 20% discount	11,560.00	Anthony Ybarra	No	No
11	02/10/15	Notice to Proceed re proposal for Thienes Avenue Street Improvement Project topographical survey	N/A	N/A	14,750.00	Anthony Ybarra	No	No
12	02/12/15	Rendered Design Engineering Services, New Temple Park Modular Restroom Project	N/A	N/A	4,725.00	Unknown	No	No
13	03/19/15	Notice to Proceed re fee for Thienes Avenue Street Improvement Project Traffic Control Plan	N/A	N/A	9,250.00	Anthony Ybarra	No	No
14	05/15/15	Notice to Proceed re Change Order for Durfee Avenue Street Improvement Project	N/A	AutoCAD Designer (80 hours): \$85/hr Design Engineer (30 hours): \$110/hr Project Manager (30 hours): \$125/hr	13,850.00	Anthony Ybarra	No	No
15	06/24/15	Notice to Proceed re Change Order for Durfee Avenue Street Improvement Project	N/A	AutoCAD Designer (90 hours): \$85/hr Design Engineer (30 hours): \$110/hr Project Manager (30 hours): \$125/hr Less 15% discount	12,495.00	Anthony Ybarra	No	No
17	05/21/14	Notice to Proceed re Durfee Avenue Bike Lane Improvement	N/A	N/A	8,375.00	Anthony Ybarra	No	No
18	06/22/14	Notice to Proceed re Durfee Avenue Bike Lane Improvement	N/A	N/A	8,160.00	Anthony Ybarra	No	No
19	06/12/14	Notice to Proceed re site preparation and installation of New Temple Park Modular Restroom Project	N/A	N/A	25,000.00	Anthony Ybarra	No	No

**Exhibit E**

## EXHIBIT E

City of South El Monte  
Schedule of Payments to ECM  
FYE 06/30/15

Invoice Date	Invoice No.	Invoice Amount	Description	Check Date	Check No.	Amount on Check
07/14/14	Various	23,995.54	New Temple Park/SR2S/Engineering Services/Reimbursements	07/22/14	121775	23,995.54
07/14/14	12-12505	3,800.00	Thienes Avenue Street Improvement Project	07/22/14	121776	3,800.00
07/14/14	Various	13,020.00	Durfee Avenue Street Improvement Project	08/06/14	121873	13,020.00
07/14/14	12-12501	5,000.00	Engineering Services	08/06/14	121874	5,000.00
07/14/14	12-12509	8,375.00	Durfee Ave - Bike Lane Imprv-Rush St to San Gabriel Ribver	08/06/14	121881	8,375.00
07/14/14	12-12508	8,160.00	Durfee Ave - Bike Lane Imprv- Peck Rd to S El Monte HS	08/06/14	121882	8,160.00
Various	Various	58,250.00	Engineering Services	08/26/14	122056	58,250.00
08/04/14	12-12524	5,000.00	New Temple Park Modular Restroom	08/26/14	122057	5,000.00
08/29/14	Various	23,300.00	Engineering Services	09/09/14	122127	23,300.00
08/29/14	12-12532	5,000.00	New Temple Park Modular Restroom	09/09/14	122128	5,000.00
09/15/14	Various	23,300.00	Engineering Services	09/23/14	122216	23,300.00
09/15/14	12-12546	5,000.00	New Temple Park Modular Restroom	09/24/14	122284	5,000.00
10/06/14	Various	34,950.00	Engineering Services	10/14/14	122354	34,950.00
10/06/14	12-12560	129.75	Reim of Invs paid to Sky Blueprint and Supplies Inc	10/14/14	122355	129.75
10/06/14	12-12559	4,700.00	Safe Routes to School Cycle 10, Change Order #03	10/16/14	122416	4,700.00
10/20/14	Various	18,300.00	Engineering Services	10/28/14	122451	18,300.00
10/20/14	12-12565	180.01	Reim of Invs paid to Sky Blueprint and Supplies Inc	10/28/14	122452	180.01
10/20/14	12-12561	5,000.00	Engineering Services	10/28/14	122513	5,000.00
11/03/14	Various	23,300.00	Engineering Services	11/11/14	122541	23,300.00
11/17/14	Various	23,300.00	Engineering Services	11/25/14	122609	23,300.00
11/17/14	12-12564	1,700.00	Skate Park Phase II Revisions	11/25/14	122610	1,700.00
11/17/14	12-12576	5,000.00	New Temple Park Modular Restroom	11/20/14	122659	5,000.00
12/01/14	Various	21,860.00	Engineering Services	12/09/14	122713	21,860.00
12/15/14	Various	23,300.00	Engineering Services	12/23/14	122832	23,300.00
11/17/14	12-12564	6,750.00	Durfee Avenue Street Improvement Project	12/23/14	122833	6,750.00
01/05/15	Various	32,970.00	Engineering Services	01/13/15	122925	32,970.00
01/05/15	12-12597	2,843.50	Durfee Ave - Turf Paver Median Construction option	01/13/15	122926	2,843.50
Various	Various	22,706.40	Durfee Ave - Median Lighting / Engineering Services	01/27/15	123003	22,706.40
01/19/15	12-12605	14,688.00	Durfee Ave - Median Lighting options at State Route 60	01/27/15	123004	14,688.00
01/19/15	12-12601	6,250.00	Assistant to the City Engineer - Cynthia Maldonado	02/10/15	123113	6,250.00
02/02/15	Various	18,300.00	Engineering Services	02/11/15	123173	18,300.00
02/02/15	12-12609	148.68	Reim of Invs paid to Sky Blueprint and Supplies Inc	02/11/15	123174	148.68
02/16/15	Various	25,800.00	Engineering Services	02/24/15	123206	25,800.00
02/16/15	12-12617	2,500.00	New Temple Park Modular Restroom	02/24/15	123208	2,500.00
02/16/15	12-12618	4,406.40	Durfee Ave - Median Lighting options at State Route 60	02/24/15	123209	4,406.40
02/16/15	12-12619	1,421.75	Durfee Ave - Turf Paver Median Construction option	02/24/15	123210	1,421.75
Various	Various	32,760.00	Engineering Services	03/10/15	123355	32,760.00
02/16/15	12-12621	4,725.00	New Temple Park Modular Restroom - Design Feb '15	03/10/15	123356	4,725.00
08/16/15	12-12622	7,375.00	Thienes Ave - Street Topographical Survey	03/10/15	123357	7,375.00
Various	Various	25,800.00	Engineering Services	03/24/15	123449	25,800.00
03/16/15	Various	13,038.65	Durfee Ave / Thienes Ave	03/31/15	123539	13,038.65
03/16/15	12-12635	7,375.00	Thienes Ave - Street Topographical Survey	03/31/15	123540	7,375.00
03/30/15	12-12638	20,000.00	Thienes Ave - CAD Services for Design	03/31/15	123541	20,000.00
04/06/15	Various	38,700.00	Engineering Services	04/04/15	123589	38,700.00
04/06/15	12-12644	16,000.00	Thienes Ave - CAD Services for Design	04/14/18	123590	16,000.00
04/20/15	Various	25,800.00	Engineering Services	04/29/15	123784	25,800.00
05/04/15	Various	29,970.73	Durfee Ave/Engineering Services/Reimbursements	05/12/15	123809	29,975.03
04/20/15	12-12651	1,156.00	Thienes Ave - Engineering support and CAD services	05/12/15	123810	1,156.00
05/04/15	12-12659	1,120.00	CAD Skate	05/12/15	123811	1,020.00
05/18/15	Various	34,277.60	Durfee Ave/Engineering Services	05/27/15	123962	34,277.60
05/16/15	Various	12,140.00	Durfee Ave / Thienes Ave	05/28/15	123980	12,140.00
06/01/15	Various	25,080.00	Engineering Services	06/10/15	124068	24,000.00
06/15/15	Various	25,791.76	Engineering Services/Reimbursements	06/23/15	124110	25,791.76
Various	Various	39,507.49	Engineering Services/Reimbursements	07/14/15	124251	39,507.49
06/01/15	Various	2,856.00	Thienes Ave/Skate Park Phase II	07/14/15	124327	2,856.00
07/06/15	12-12696	6,247.50	Durfee Ave - Bio-Infiltration Catch Basin Change Order	07/28/15	124363	6,247.50
<b>Total Invoiced</b>		<b>852,425.76</b>		<b>Total Payments</b>		<b>851,250.06</b>



# Exhibit F



EXHIBIT F

City of South El Monte  
 Analysis of Omar Hernandez Time and Billing  
 FYE 06/30/15

Invoice Date	Service	Inv. for Hours Worked (Per Contract)	Inv. No.
07/14/14	CalHome Grant	6,250	2014-39
10/29/14	2015 Metro Call for Projects	26,250	2014-56
01/06/15	ICSC Packet	5,250	2015-01
01/06/15	State of the City	3,750	2015-01
01/06/15	Active Transportation Grant	26,250	2015-02
01/27/15	2015 Metro Call for Projects	8,750	2015-09
02/09/15	Affordable Housing & Sustainable Communities	35,000	2015-12
02/23/15	Affordable Housing & Sustainable Communities	8,750	2015-16
03/16/15	Active Transportation Planning Grant	22,500	2015-23
05/21/15	Active Transportation Planning Grant	15,000	2015-35
05/28/15	Active Transportation Planning Grant	18,750	2015-36
05/28/15	Active Transportation Planning Grant	7,500	2015-37
	<b>Total</b>	<b>184,000</b>	

**Exhibit G**

## EXHIBIT G

City of South El Monte  
 Analysis of Reimbursements and other Miscellaneous Payments to Arroyo  
 FYE 06/30/15

Inv. No.	Date	Description	Amount	Check No.	Check Date	Approved By
2014-41	07/14/14	Reimbursement - Presentation Bd	872.00	121809	7/17/2014	Anthony Ybarra
2014-44	08/27/14	Banners with Stands and design	900.00	122091	8/27/2014	Anthony Ybarra
2014-44	08/27/14	Website - design and programming	2,500.00	122091	8/27/2014	Anthony Ybarra
2014-44	08/27/14	Flyers design and printing 4/4, 100lb glossbook	450.00	122091	8/27/2014	Anthony Ybarra
2014-44	08/27/14	Postcards 4/4 16 ppy cardstock	750.00	122091	8/27/2014	Anthony Ybarra
2014-44	08/27/14	Time alloc. for dissemination of flyer to eminent domain businesses	400.00	122091	8/27/2014	Anthony Ybarra
2014-44	08/27/14	Graphic Design	1,125.00	122091	8/27/2014	Anthony Ybarra
2014-47	09/08/14	Time allocation for Concerts in the park/Movie Night	200.00	122168	9/9/2014	Anthony Ybarra
2014-47	09/08/14	Website - Design, translation and programming of Spanish site	1,500.00	122168	9/9/2014	Anthony Ybarra
2014-47	09/08/14	Skate Board Give Away - Promotion	43.69	122168	9/9/2014	Anthony Ybarra
2014-48	09/16/14	Business Outreach	200.00	122184	9/16/2014	Anthony Ybarra
2014-48	09/16/14	Website-Update	500.00	122184	9/16/2014	Anthony Ybarra
2014-48	09/16/14	Banner Design	100.00	122184	9/16/2014	Anthony Ybarra
2014-48	09/16/14	Banner/Printing Rush	750.00	122184	9/16/2014	Anthony Ybarra
2014-51	10/01/14	Outreach and education for Community	500.00	122312	10/1/2014	N/A
2014-51	10/01/14	Website Update section	200.00	122312	10/1/2014	N/A
2014-53	10/15/14	Outreach and education for Community	300.00	122411	10/15/2014	Anthony Ybarra
2014-53	10/15/14	Website Update section	200.00	122411	10/15/2014	Anthony Ybarra
2014-53	10/15/14	T-shirts	500.00	122411	10/15/2014	Anthony Ybarra
2014-55	10/23/14	Outreach and education for Community	500.00	122510	10/23/2014	Anthony Ybarra
		<b>Total Reimbursements From 07/01/14 - 11/30/14</b>	<b>12,690.69</b>			
2015-08	01/15/15	SR-60 - Sacramento Trip	1,194.03	122981	1/15/2015	Anthony Ybarra
2015-08	01/15/15	Misc.	1,194.02	122981	1/15/2015	Anthony Ybarra
2015-17	02/28/15	Flight to Sacramento	510.00	123276	2/23/2015	Manuel Mancha / Anthony Ybarra
2015-31	04/23/15	Cables and Electronic for State of the City	259.46	123738	4/23/2015	Manuel Mancha / Anthony Ybarra
2015-33	05/07/15	Room Fee for SR-60 Coalition Meeting	125.00	123880	5/7/2015	Manuel Mancha / Anthony Ybarra
		<b>Total Reimbursements From 12/01/14 - 06/30/15</b>	<b>3,282.51</b>			
		<b>Total Reimbursements</b>	<b>15,973.20</b>			

**Exhibit H**

EXHIBIT H

City of South El Monte  
 ECM Group, Inc. Selected Day Hours Detail - Armando Martinez  
 For the Period of June 30, 2014 Through July 10, 2014

	Monday	Tuesday	Wednesday	Thursday	Monday	Tuesday	Wednesday	Thursday
Invoice No.	6/30/2014	7/1/2014	7/2/2014	7/3/2014	7/7/2014	7/8/2014	7/9/2014	7/10/2014
12-12505	2	2	3	3	2	2	2	-
12-12506	4	5	6	4	3	5	4	4
12-12507	1	2	2	-	1	-	1	-
12-12508	5	5	5	5	5	6	5	4
12-12509	5	5	5	5	4	5	6	4
12-12510	4	4	4	-	2	2	4	4
12-12511	4	3	2	-	2	2	3	4
<b>Total Hours</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>17</b>	<b>19</b>	<b>22</b>	<b>25</b>	<b>20</b>



**ECM Group**  
**Project Weekly Time Sheet**  
**Thienes Avenue Street Improvement Project**  
**SEM Act No. 67-900-9010-5969-195**

Week Beginning  
07/01/14

TO:

Week Ending  
07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	2.0	2.0	2.0	2.0	2.0			10.00
Design Engineer	2.0	2.0	3.0	3.0				10.00
								0.00
<b>Total Hours:</b>	4.00	4.00	5.00	5.00	2.00	-	-	20.00

Week Beginning  
07/07/14

TO:

Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	1.0	2.0	0.0	1.0	0.0			4.00
Design Engineer	2.0	2.0	2.0	0.0	0.0			6.00
								0.00
<b>Total Hours:</b>	3.00	4.00	2.00	1.00	-	-	-	10.00

EXHIBIT H



City of South El Monte  
Los Angeles, CA 90026  
(818) 263-1000  
www.cityofsemonte.com

July 14, 2014  
12-12506

City of South El Monte  
1415 Santa Anita Ave.  
South El Monte, CA 91733

Attention: Mr. Anthony Ybarra  
City Manager



Subject: Durfee Avenue Street Improvement Project  
Account Number: 67-900-9010-5969-155

SERVICES	Amount
Durfee Avenue Street Improvement Project	\$ 6,750.00
For the period of: Period of: 07/01/14- 07/11/14	
Total From Fee proposal: \$ 67,500.00	
Previously invoiced \$ 54,000.00	
Total this invoice: \$ 6,750.00	
Balance Forward: \$ 6,750.00	
<b>Total Balance Due:</b>	<b>\$ 6,750.00</b>

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**Durfee Avenue Street Improvement Project**  
**SEM Act No. 67-900-9010-5969-155**

Week Beginning 07/01/14 TO: Week Ending 07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	7.0	4.0	7.0	7.0	0.0			25.00
Design Engineer	4.0	5.0	6.0	4.0				19.00
								0.00

<b>Total Hours:</b>	11.00	9.00	13.00	11.00	-	-	-	44.00
---------------------	-------	------	-------	-------	---	---	---	-------

Week Beginning 07/07/14 TO: Week Ending 07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	2.0	2.0	4.0	2.0	2.0	0.0		12.00
Design Engineer	3.0	5.0	4.0	4.0				16.00
								0.00

<b>Total Hours:</b>	5.00	7.00	8.00	6.00	2.00	-	-	28.00
---------------------	------	------	------	------	------	---	---	-------

EXHIBIT H



City of South El Monte  
1415 Santa Anita Ave.  
South El Monte, CA 91733  
Tel: 626-291-1000

July 14, 2014  
12-12507

**City of South El Monte**  
1415 Santa Anita Ave.  
South El Monte, CA 91733

**Attention: Mr. Anthony Ybarra**  
City Manager

**Subject: New Temple Park Modular Restroom**  
Account Number: 67-900-9040-5969-356

SERVICES	Amount
New Temple Park Modular Restroom	\$ 1,250.00
For the period of: Period of: 07/01/14- 07/14/14	
<b>Total From Fee proposal:</b>	<b>\$ 25,000.00</b>
Previously invoiced	\$ 1,250.00
Total this invoice:	\$ 1,250.00
Balance Forward:	\$ 22,500.00
<b>Total Balance Due:</b>	<b>\$ 1,250.00</b>

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**New Temple Park Modular Restroom Project**  
**SEM Act No. 67-900-9040-5969-356**

Week Beginning  
07/01/14

TO:

Week Ending  
07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	1.0	1.0	1.0	1.0				4.00
Design Engineer	1.0	2.0	2.0					5.00
								0.00
<b>Total Hours:</b>	2.00	3.00	3.00	1.00	-	-	-	9.00

Week Beginning  
07/07/14

TO:

Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	2.0	1.0	1.0			0.0		4.00
Design Engineer	1.0		1.0					2.00
								0.00
<b>Total Hours:</b>	3.00	1.00	2.00	-	-	-	-	6.00

EXHIBIT H



OFFICE: 310.441.1841 #300  
1910 W. SUNSET BLVD. #460  
LOS ANGELES, CA 90026  
WWW.ECMGROUP.COM

**July 14, 2014**  
**12-12508**

**City of South El Monte**  
1415 Santa Anita Ave.  
South El Monte, CA 91733

**Attention: Mr. Anthony Ybarra**  
City Manager

**Subject: Engineering Services Services provided to the City of South El Monte**

**Time Period of: 07/01/14-07/11/14**

SERVICES	Hours & Rate	Amount
Armando Martinez and Leonardo Di Masi  ➤ (See attachment)		\$8,160.00
<b>Total Balance Due:</b>		<b>\$8,160.00</b>

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**Engineering Support and CAD Services**  
**SEM Act No. 67-900-8010-5969-155**

Week Beginning  
07/01/14

TO:

Week Ending  
07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Engineering Support	8.0	6.0	8.0	4.0				26.00
Design Engineer	5.0	5.0	5.0	5.0				20.00
								0.00

<b>Total Hours:</b>	13.00	11.00	13.00	9.00	-	-	-	46.00
---------------------	-------	-------	-------	------	---	---	---	-------

Week Beginning  
07/07/14

TO:

Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	6.0	6.0	4.0	2.0		0.0		18.00
Design Engineer	5.0	6.0	5.0	4.0				20.00
								0.00

<b>Total Hours:</b>	11.00	12.00	9.00	6.00	-	-	-	38.00
---------------------	-------	-------	------	------	---	---	---	-------

EXHIBIT H



1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026  
City of South El Monte  
1214 12509

July 14, 2014  
12-12509

City of South El Monte  
1415 Santa Anita Ave.  
South El Monte, CA 91733

Attention: Mr. Anthony Ybarra  
City Manager

Subject: Engineering Services Services provided to the City of South El Monte

Time Period of: 07/01/14-07/11/14

SERVICES	Hours & Rate	Amount
Armando Martinez and Leonardo Di Masi		\$8,375.00
➤ (See attachment)		
<b>Total Balance Due:</b>		<b>\$8,375.00</b>

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**Engineering Support and CAD Services**  
**SEM Act No. 67-900-9010-5969-155**

Week Beginning  
07/01/14

TO: Week Ending  
07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Engineering Support	8.0	8.0	6.0	6.0				28.00
Design Engineer	5.0	5.0	5.0	5.0				20.00
								0.00
<b>Total Hours:</b>	13.00	13.00	11.00	11.00	-	-	-	48.00

Week Beginning  
07/07/14

TO: Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	5.0	6.0	5.0	3.0	4.0	0.0		23.00
Design Engineer	4.0	5.0	6.0	4.0				19.00
								0.00
<b>Total Hours:</b>	9.00	11.00	11.00	7.00	4.00	-	-	42.00

EXHIBIT H



1910 W. Sunset Blvd.  
Los Angeles, CA 90026  
(310) 274-9678  
(310) 274-9679

July 14, 2014

12-12510

City of South El Monte  
1415 Santa Anita Ave.  
South El Monte, CA 91733

Attention: Mr. Anthony Ybarra  
City Manager

Subject: Engineering Services Services provided to the City of South El Monte

Time Period of: 07/01/14-07/11/14

SERVICES	Hours & Rate	Amount
Armando Martinez and Cynthia Maldonado		\$6,270.00
➤ (See attachment)		

Total Balance Due: \$6,270.00

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**Engineering Support and CAD Services**  
**SEM Act No. 67-900-9010-5969-155**

Week Beginning  
07/01/14

TO:

Week Ending  
07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Engineering Support	7.0	4.0	6.0	5.0				22.00
Design Engineer	4.0	4.0	4.0	0.0				12.00
								0.00

<b>Total Hours:</b>	11.00	8.00	10.00	5.00	-	-	-	34.00
---------------------	-------	------	-------	------	---	---	---	-------

Week Beginning  
07/07/14

TO:

Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	5.0	4.0	4.0	3.0	4.0	0.0		20.00
Design Engineer	2.0	2.0	4.0	4.0				12.00
								0.00

<b>Total Hours:</b>	7.00	6.00	8.00	7.00	4.00	-	-	32.00
---------------------	------	------	------	------	------	---	---	-------

EXHIBIT H



1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026  
(310) 305-9133  
(310) 305-1776

July 14, 2014  
12-12511

City of South El Monte  
1415 Santa Anita Ave.  
South El Monte, CA 91733

Attention: Mr. Anthony Ybarra  
City Manager

Subject: Engineering Services Services provided to the City of South El Monte

Time Period of: 07/01/14-07/11/14

SERVICES	Hours & Rate	Amount
Armando Martinez and Cynthia Maldonado		\$4,750.00
> (See attachment)		
<b>Total Balance Due:</b>		<b>\$4,750.00</b>

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**Engineering Support and CAD Services**  
**SEM Act No. 67-900-9010-5969-281**

Week Beginning  
07/01/14

TO:

Week Ending  
07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Engineering Support	4.0	4.0	4.0	3.0				15.00
Design Engineer	4.0	3.0	2.0	0.0				9.00
								0.00

<b>Total Hours:</b>	8.00	7.00	6.00	3.00	-	-	-	24.00
---------------------	------	------	------	------	---	---	---	-------

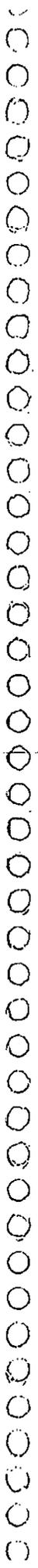
Week Beginning  
07/07/14

TO:

Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	2.0	2.0	4.0	2.0		0.0		10.00
Design Engineer	2.0	2.0	3.0	4.0				11.00
								0.00

<b>Total Hours:</b>	4.00	4.00	7.00	6.00	-	-	-	21.00
---------------------	------	------	------	------	---	---	---	-------



# Exhibit I

EXHIBIT I

City of South El Monte  
ECM Group, Inc. Selected Day Hours Detail - Cynthia Maldonado  
For the Period of June 30, 2014 Through July 3, 2014

	Monday	Tuesday	Wednesday	Thursday
Invoice No.	6/30/2014	7/1/2014	7/2/2014	7/3/2014
12-12505	2	2	2	2
12-12506	7	4	7	7
12-12510	7	4	6	5
12-12511	4	4	4	3
<b>Total Hours</b>	<b>20</b>	<b>14</b>	<b>19</b>	<b>17</b>

EXHIBIT I



ECM GROUP, INC.  
1910 W. SUNSET BLVD.  
LOS ANGELES, CA 90026  
(310) 253-4833  
FAX: (310) 253-4834

July 14, 2014  
12-12505

City of South El Monte  
1415 Santa Anita Ave.  
South El Monte, CA 91733

Attention: Mr. Anthony Ybarra  
City Manager

Subject: Thienes Avenue Street Improvement Project  
Account Number: 67-900-9010-5969-195

SERVICES		Amount
<b>Thienes Avenue Street Improvement Project</b>		
		\$ 3,800.00
For the period of: Period of: 07/01/14- 07/11/14		
<b>Total From Fee proposal:</b>	\$ 38,000.00	
Previously invoiced	\$ 34,200.00	
<b>Total this invoice:</b>	<u>\$ 3,800.00</u>	
Balance Forward:	\$ -	
<b>Total Balance Due:</b>		<b>\$ 3,800.00</b>

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**Thienes Avenue Street Improvement Project**  
**SEM Act No. 67-900-9010-5969-195**

Week Beginning  
07/01/14

TO:

Week Ending  
07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	2.0	2.0	2.0	2.0	2.0			10.00
Design Engineer	2.0	2.0	3.0	3.0				10.00
								0.00

<b>Total Hours:</b>	4.00	4.00	5.00	5.00	2.00	-	-	20.00
---------------------	------	------	------	------	------	---	---	-------

Week Beginning  
07/07/14

TO:

Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	1.0	2.0	0.0	1.0	0.0			4.00
Design Engineer	2.0	2.0	2.0	0.0	0.0			6.00
								0.00

<b>Total Hours:</b>	3.00	4.00	2.00	1.00	-	-	-	10.00
---------------------	------	------	------	------	---	---	---	-------

EXHIBIT I



1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026  
(310) 248-1100  
www.ecmgroup.com

July 14, 2014  
12-12506

City of South El Monte  
1415 Santa Anita Ave.  
South El Monte, CA 91733

Attention: Mr. Anthony Ybarra  
City Manager

Subject: Durfee Avenue Street Improvement Project  
Account Number: 67-900-9010-5969-155

**PAID**

SERVICES	Amount
Durfee Avenue Street Improvement Project	\$ 6,750.00
For the period of: Period of: 07/01/14- 07/11/14	
Total From Fee proposal:	\$ 67,500.00
Previously invoiced	\$ 54,000.00
Total this invoice:	\$ 6,750.00
Balance Forward:	\$ 6,750.00
<b>Total Balance Due:</b>	<b>\$ 6,750.00</b>

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**Durfee Avenue Street Improvement Project**  
**SEM Act No. 67-900-9010-5969-155**

Week Beginning  
07/01/14

TO:

Week Ending  
07/06/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	7.0	4.0	7.0	7.0	0.0			25.00
Design Engineer	4.0	5.0	6.0	4.0				19.00
								0.00

<b>Total Hours:</b>	11.00	9.00	13.00	11.00	-	-	-	44.00
---------------------	-------	------	-------	-------	---	---	---	-------

Week Beginning  
07/07/14

TO:

Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	2.0	2.0	4.0	2.0	2.0	0.0		12.00
Design Engineer	3.0	5.0	4.0	4.0				16.00
								0.00

<b>Total Hours:</b>	5.00	7.00	8.00	6.00	2.00	-	-	28.00
---------------------	------	------	------	------	------	---	---	-------

EXHIBIT I



1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026  
Tel: 310.204.9478  
Fax: 310.204.9479

July 14, 2014

12-12510

City of South El Monte  
1415 Santa Anita Ave.  
South El Monte, CA 91733

Attention: Mr. Anthony Ybarra  
City Manager

Subject: Engineering Services Services provided to the City of South El Monte

Time Period of: 07/01/14-07/11/14

SERVICES	Hours & Rate	Amount
Armando Martinez and Cynthia Maldonado		\$6,270.00
> (See attachment)		

Total Balance Due:

\$6,270.00

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**Engineering Support and CAD Services**  
**SEM Act No. 67-900-9010-5969-281**

Week Beginning  
07/01/14

TO: Week Ending  
07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Engineering Support	4.0	4.0	4.0	3.0				15.00
Design Engineer	4.0	3.0	2.0	0.0				9.00
								0.00

<b>Total Hours:</b>	8.00	7.00	6.00	3.00	-	-	-	24.00
---------------------	------	------	------	------	---	---	---	-------

Week Beginning  
07/07/14

TO: Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	2.0	2.0	4.0	2.0		0.0		10.00
Design Engineer	2.0	2.0	3.0	4.0				11.00
								0.00

<b>Total Hours:</b>	4.00	4.00	7.00	6.00	-	-	-	21.00
---------------------	------	------	------	------	---	---	---	-------

EXHIBIT I



1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026  
(310) 343-0433  
(310) 343-0274

July 14, 2014  
12-12511

City of South El Monte  
1415 Santa Anita Ave.  
South El Monte, CA 91733

Attention: Mr. Anthony Ybarra  
City Manager

Subject: Engineering Services Services provided to the City of South El Monte

Time Period of: 07/01/14-07/11/14

SERVICES	Hours & Rate	Amount
Armando Martinez and Cynthia Maldonado		\$4,750.00
> (See attachment)		
<b>Total Balance Due:</b>		<b>\$4,750.00</b>

Please make check payable to ECM Group, Inc. and mail to:

1910 W. Sunset Blvd. #460  
Los Angeles, CA 90026

**ECM Group**  
**Project Weekly Time Sheet**  
**Engineering Support and CAD Services**  
**SEM Act No. 67-900-9010-5969-281**

Week Beginning  
07/01/14

TO:

Week Ending  
07/05/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Engineering Support	4.0	4.0	4.0	3.0				15.00
Design Engineer	4.0	3.0	2.0	0.0				9.00
								0.00

<b>Total Hours:</b>	8.00	7.00	6.00	3.00	-	-	-	24.00
---------------------	------	------	------	------	---	---	---	-------

Week Beginning  
07/07/14

TO:

Week Ending  
07/11/14

PROJECT TYPE	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total Hours
Construction Support	2.0	2.0	4.0	2.0		0.0		10.00
Design Engineer	2.0	2.0	3.0	4.0				11.00
								0.00

<b>Total Hours:</b>	4.00	4.00	7.00	6.00	-	-	-	21.00
---------------------	------	------	------	------	---	---	---	-------



# **Exhibit J**

EXHIBIT J

City of South El Monte  
 Schedule of Payments to ECM for Questionable Timesheets  
 FYE 06/30/15

Invoice Date	Invoice No.	# of Hours	Invoice Amount	Description	Check Date	Check No.	Amount on Check
07/14/14	12-12511	45	4,750.00	Engineering Support and CAD services for SR2S	07/22/14	121775	4,750.00
07/14/14	12-12507	15	1,250.00	New Temple Park Modular Restroom	07/22/14	121775	1,250.00
07/14/14	12-12505	30	3,800.00	Thienes Avenue Street Improvement Project	07/22/14	121776	3,800.00
07/14/14	12-12510	66	6,270.00	Durfee Ave - Median St. Improvement - Design Change	08/06/14	121873	6,270.00
07/14/14	12-12506	72	6,750.00	Durfee Avenue Street Improvement Project	08/06/14	121873	6,750.00
07/14/14	12-12509	90	8,375.00	Durfee Ave - Bike Lane Imprv-Rush St to San Gabriel Ribver Trail	08/06/14	121881	8,375.00
07/14/14	12-12508	84	8,160.00	Durfee Ave - Bike Lane Imprv- Peck Rd to S El Monte HS	08/06/14	121882	8,160.00
08/04/14	12-12524	56	5,000.00	New Temple Park Modular Restroom	08/26/14	122057	5,000.00
08/29/14	12-12532	55	5,000.00	New Temple Park Modular Restroom	09/09/14	122128	5,000.00
09/15/14	12-12546	34	5,000.00	New Temple Park Modular Restroom	09/24/14	122284	5,000.00
10/06/14	12-12559	56	4,700.00	Division of Bid Schedule on Phase II - Strozier Ave	10/16/14	122416	4,700.00
11/17/14	12-12564	20	1,700.00	Skate Park Phase II Revisions	11/25/14	122610	1,700.00
11/17/14	12-12576	60	5,000.00	New Temple Park Modular Restroom	11/20/14	122659	5,000.00
11/17/14	12-12564	68	6,750.00	Durfee Avenue Street Improvement Project	12/23/14	122833	6,750.00
01/05/15	12-12597	32	2,843.50	Durfee Ave - Turf Paver Median Construction option	01/13/15	122926	2,843.50
01/05/15	12-12600	60	4,406.40	Durfee Ave - Median Lighting options at State Route 60 Underpass	01/27/15	123003	4,406.40
01/19/15	12-12605	160	14,688.00	Durfee Ave - Median Lighting options at State Route 60 Underpass	01/27/15	123004	14,688.00
02/16/15	12-12617	24	2,500.00	New Temple Park Modular Restroom	02/24/15	123208	2,500.00
02/16/15	12-12618	32	4,406.40	Durfee Ave - Median Lighting options at State Route 60 Underpass	02/24/15	123209	4,406.40
02/16/15	12-12619	19	1,421.75	Durfee Ave - Turf Paver Median Construction option	02/24/15	123210	1,421.75
02/16/15	12-12621	49	4,725.00	New Temple Park Modular Restroom - Design Feb '15	03/10/15	123356	4,725.00
08/16/15	12-12622	78	7,375.00	Thienes Ave - Street Topographical Survey	03/10/15	123357	7,375.00
04/06/15	12-12644	141	16,000.00	Thienes Ave - CAD Services for Design charge per County Specs request dtd 3/23/15	04/14/18	123590	16,000.00
05/04/15	12-12660	5	568.70	Durfee Ave - Turf Paver Median Construction option	05/12/15	123809	568.70
05/04/15	12-12658	35	2,975.00	Thienes Ave - Project Management	05/12/15	123809	2,975.00
04/20/15	12-12651	16	1,156.00	Thienes Ave - Engineering support and CAD services	05/12/15	123810	1,156.00
05/18/15	12-12666	30	2,937.60	Durfee Ave - Median Lighting options at State Route 60 Underpass	05/27/15	123962	2,937.60
05/18/15	12-12667	56	5,540.00	Durfee Ave - Construction Change Order per meeting of 5/5/15	05/27/15	123962	5,540.00
05/26/15	12-12670	60	6,600.00	Thienes Avenue Street Improvement Project	05/28/15	123980	6,600.00
05/26/15	12-12699	43	5,540.00	Durfee Ave - Construction Change Order per meeting of 5/5/15	05/28/15	123980	5,540.00
06/01/15	12-12676	16	1,156.00	Thienes Ave - Engineering support and CAD services	07/14/15	124327	1,156.00
06/01/15	12-12675	20	1,700.00	Skate Park Phase II Revisions	07/14/15	124327	1,700.00
07/06/15	12-12696	68	6,247.50		07/28/15	124363	6,247.50
<b>Total Amount</b>		<b>1,698.00</b>	<b>165,291.85</b>		<b>Total Amount</b>		<b>165,291.85</b>