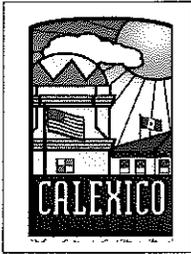


AGENDA
ITEM

10



AGENDA STAFF REPORT

DATE: September 21, 2016

TO: Mayor and City Council

APPROVED BY: Armando G. Villa, City Manager *Armando G. Villa*

PREPARED BY: Rosalind Guerrero, Grants Manager *Rosalind Guerrero*

SUBJECT: Award Professional Services Agreement to NBS
Government Financial Services to Perform Update of the
City's Indirect Cost Allocation Study

=====

Recommendation:

Award contract to NBS Government Financial Services to perform professional services for the city's indirect cost allocation plan update.

Background:

In 2007 the City through the services of a consulting firm prepared an Indirect Cost Allocation Study. The Indirect Cost Allocation study calculates full cost of services provided between departments. This allows the General Fund to recover costs from Non-General fund departments.

Discussion & Analysis:

An update of the Indirect Cost Allocation method used by the city to recover services provided to Non-General fund departments is needed as it has been 9 years since the last study was done. The method used must follow the guidelines established by the Federal Office of Management and Budget that will allow reimbursement from Federal and State grants.

On August 4, 2016, a Request for Proposal was published on the city's website as well as provided to firms who prepare Indirect Cost Allocation studies. A total of 5 proposals were received and 1 declined.

AGENDA ITEM 10

A staff committee of 3 reviewed the proposals and found all to be responsive to the city's request. Of the 5 proposals received, NBS Government Financial Services received the highest score. NBS Government Financial Services noted in the proposal, of their staff's familiarity with the city and prior experience in preparing the 2007 Indirect Cost Allocation Study.

Fiscal Impact:

Contract amount: \$14,940

Additional Cost: presentation/attendance at City Council meeting: \$1,520 per meeting.

Coordinated With:

Finance Department

Attachments:

1. City of Calexico Professional Services Agreement
2. NBS Government Financial Services Proposal for Indirect Cost Allocation Study



CITY OF CALEXICO

proposal for a
**Indirect Cost
Allocation Study**

August 31, 2016

**CALEXICO
CITY HALL**

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

Davis – Regional Office
140 B Street, Suite 5-292
Davis, CA 95616

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

Phone: 800.676.7516
www.nbsgov.com

Prepared by:

 **NBS** helping communities fund tomorrow



32605 Temecula Parkway, Suite 100
Temecula, CA 92592

Toll free: 800.676.7516
www.nbsgov.com

August 31, 2016

Armando Villa
City Manager
City of Calexico
608 Heber Ave.
Calexico, CA 92231

Re: Proposal to Conduct an Indirect Cost Allocation Study

Dear Mr. Villa:

NBS is pleased to submit this proposal to conduct a Full and OMB A-87 Cost Allocation Plan for the City of Calexico.

Ms. Greta Davis, the Project Manager and Lead Consultant has experience working with the City of Calexico on the prior Cost Allocation and User Fee Study. This experience provides the NBS Project Team with insight regarding the Organizational Structure, the Budget Structure, familiarity with City staff, as well as the local environment that will enable our team to better assist the City with the appropriate level of cost recovery that meets the needs of the City of Calexico.

The strength of our project team is based on years and breadth of experience. We can assist City management in preparation for the anticipated budget constraints in FY 2016-17, stemming from mandated cost increases. Through this Study, NBS will establish the right cost components specific to Calexico, for inclusion in reimbursement for the general fund, overhead rates and fees for discretionary and regulatory services.

Through the NBS work plan described in the following proposal, the City will receive the following:

- A comprehensive analysis and report detailing the cost-based justification for overhead cost allocation and if selected, user/regulatory fees, the City's chosen cost recovery targets, and an action plan for implementing and maintaining allocations, general fund reimbursements, rates, and fees.
- Sufficient onsite events to work with City staff in the development of cost of allocation and cost of service findings, cost recovery policy, and fee structures.
- Legislative support.
- Future access to NBS experts.

To deliver these solutions and work products, we are dedicating a project team of highly skilled consultants to care for the City through this process.

Selection of NBS to provide cost consulting services to the City of Calexico delivers the following benefits and strengths:

- A proven and successful approach – analytically and procedurally – in the performance of cost allocation plans.

- An analytical process which clearly communicates and defends the City's maximum cost recovery opportunities.
- Deliverables that facilitate the formulation of well-defined cost recovery policies reflective of the City's objectives and local values.
- A project team that understands the art of balancing the sometimes competing goals of cost recovery optimization, public sentiment about cost recovery and municipal fees, and local market sensitivities that influence political decisions.
- A not-to-exceed consulting fee that is honest about what it takes to produce long-lasting and sustainable work products for the City's future.
- An exclusively California-focused firm of consultants, who have served more than 250 public agencies in the state for over 20 years.

The pricing noted in this document is valid for a period of 90 days. Our Corporate Headquarters is the NBS office location closest to Calexico, at: 32605 Temecula Parkway, Suite 100, Temecula, CA 92592 and can be reached at 800.676.7516 and the project will be managed from this location.

Thank you for reading this proposal. We appreciate your consideration of NBS to perform this work for you. We look forward to discussing with you our ideas and welcome your questions or feedback. I am our proposed Project Manager for this effort and the author of this proposal, so please contact me at any time you need: 800.676.7516 or gdavis@nbsgov.com. We are excited at the prospect of serving you and contributing positively to your community.

Sincerely,



Greta Davis
Associate Director of Financial Consulting



Michael Rentner
President & CEO
(Authorized representative to sign contracts)

TABLE OF CONTENTS

TRANSMITTAL LETTER

1. INTRODUCTION	1
BACKGROUND	1
PROJECT SUMMARY	1
PROJECT MANAGEMENT	1
METHODOLOGY - COST ALLOCATION PLAN	2
2. QUALIFICATIONS	3
COMPANY QUALIFICATIONS	3
COMPANY STRUCTURE	3
COST ALLOCATION PLAN AND USER FEE ANALYSIS EXPERIENCE	3
PROPOSED PROJECT STAFF	5
3. WORK PLAN	14
WORK PLAN: INDIRECT COST ALLOCATION STUDY	14
CLIENT SATISFACTION	17
4. PROJECT BUDGET	18
HOURLY RATES	18
5. COSTS	19
DETAILED PROJECT BUDGET	19
PROJECT PRICE PROPOSAL	19
6. SCHEDULE	20
CITY STAFF RESPONSIBILITIES	20
ADDITIONAL DISCLOSURES	21
7. REFERENCES	22

1. INTRODUCTION

BACKGROUND

The City of Calexico is seeking an update of the prior Full and OMB A-87 Cost Allocation Plan. NBS has provided as "Optional" a Comprehensive User Fee Study work plan and pricing for your review and consideration. The goal of these efforts, combined, is to define the full cost of service internally, in the form of City-wide overhead/indirect costs, and externally, in the form of user/regulatory fees imposed on individual/entities for discrete services and activities.

The outcome of this Study will:

1. Reflect the high level of service that is provided in a community like Calexico.
2. Assist city management in using acute fiscal foresight, as well as maximizing every available opportunity for economic success.
3. Provide information for establishment of cost-based interfund transfers for the water, and wastewater enterprise funds, as well as for recovery of overhead costs from fees, special revenue and other funding sources.
4. Determine the upper limit for user/regulatory fees imposed on the public, and assist in crafting of the City's policy position on appropriate levels of cost recovery at or beneath that ceiling.

The following describes the goals, objectives, and deliverables of each project area proposed for the City of Calexico:

PROJECT SUMMARY

COST ALLOCATION PLAN UPDATE

The goals of the Cost Allocation Plan include acquisition of a documented and defensible analysis that generates general/administrative allocation amounts that may be used in the City's annual budget, indirect/overhead rates, and fully-burdened hourly rates for City personnel. This version of the City's Cost Allocation Plan allocates all reasonably identifiable administrative overhead costs to receivers of these services within the organization, that have not already been captured by the City's internal service funds (ISFs). All costs, whether acceptable for federal reimbursement purposes or not, are considered in the results of this Plan.

In addition, we have included an additional cost allocation plan that is prepared in accordance with OMB A-87 in order to recover overhead reimbursement from State or Federal grants or reimbursable programs, at no additional cost.

PROJECT MANAGEMENT

In general, NBS' project management philosophy is based on effective, routine communication and timely delivery of work product. In the sphere of varying types of competitor firms available for provision of these services, the City should ultimately focus on selecting the consultant with the strongest project management abilities, experience, and positive references.

At NBS, we ensure that each client is serviced by a **senior level technical consultant** for the majority of onsite tasks, presentations, and project direction. Our proposed project managers have extensive experience in this exact type of work.

METHODOLOGY - COST ALLOCATION PLAN

A Cost Allocation Plan is an analysis – accompanied by supporting documentation – which distributes general governmental and support service costs to the direct municipal services and activities provided to the public.

Common uses for the results of a cost allocation plan are:

- Application in the cost basis for governmental fees and charges.
- A component in the derivation of fully-burdened hourly rates for agency personnel.
- Inter-fund charges for recovery to the General Fund of support provided to areas outside it, such as the Sewer Services Fund or Enterprise Funds.
- Rates applicable to cost accounting, such as charging labor time to capital projects.
- Mark-ups on costs directly passed-through to users.
- Recovery of costs from external funds such as grants or agreements with other agencies.

Exhibit A provides an overview of each step in the Cost Allocation Plan's work plan, discussed in detail, below. In the NBS approach, the Overhead Cost Allocation Plan encompasses the following analytical steps:

- Compiles actual cost data.
- Expresses costs according to the functions of service they provide.
- Assigns a factor to use as a basis for allocation.
- Performs a minimum of two-step series of allocations.
- Derives total assigned overhead amounts by public service/fund.

All NBS cost allocation studies comply with the requirements and guidelines of *Code of Federal Regulations (CRF), Title 2, Part 200*, (formerly known as OMB A-87). NBS can provide cost allocation outcomes that are either more or less restrictive in application of CFR, Title 2, Part 200, depending on whether the primary intended use of the cost allocation study results are for reimbursement of overhead costs from State or Federal grants.

Exhibit A Cost Allocation Plan Task Overview	
1	Preliminary Data Collection
2	Project Commencement and Organizational Review
3	Data Collection
4	Cost Allocation Model Development
5	Derivation of Outcomes – Full Cost Allocation Plan
6	Plan Documentation and Presentation of Outcomes
7	OMB Version - Cost Allocation Plan

2. QUALIFICATIONS

COMPANY QUALIFICATIONS

 NBS is an independent consulting firm serving local governmental agencies, including cities, towns, counties, municipal utilities, and special purpose districts since 1996. The ultimate goal of NBS is to provide support, expertise and solutions that allow these local agencies to focus on community needs and core services. Our Financial Consulting practice focuses primarily on cost recovery mechanisms and supporting justification for various agency revenue streams, including the following:

- User and regulatory fees for a wide variety of local government programs and services
- Overhead cost allocation analysis
- Rate studies for municipal water, sewer, storm drainage and solid waste utilities
- Financial plans
- System capacity and development impact fees

NBS also provides special financing district consulting and administration focusing on the formation and ongoing administration of Assessment Districts, Community Facilities Districts (CFDs), Business Improvement Districts (BIDs), Landscape Maintenance Districts (LMDs), property-related fee districts, and special parcel tax districts. NBS is staffed with seasoned experts who are dedicated to providing our clients with the best possible results; 37 consultants contribute extensive experience in the fields of finance, management, and local governance.

COMPANY STRUCTURE

NBS is a California S-Corporation which is 100% employee-owned, with an Employee Stock Ownership Plan (ESOP) in place for all staff. The company is in a solid financial position, and it continually invests in the highest-quality systems, training, software and technology.

NBS is an independent firm incorporated in the State of California, and is fully insured with Workers Compensation, General and Professional liability coverage. NBS is an equal opportunity employer and has a commitment to equal opportunity access.

COST ALLOCATION PLAN AND USER FEE ANALYSIS EXPERIENCE

In a recent survey conducted by the California Society of Municipal Finance Officers (CSMFO), NBS was used **most often** by municipal agencies for current or past Fee Study or Fee Review projects. Exhibit A provides a sampling of municipal agency clients for which the proposed project staff completed similar work within the last five (5) years.



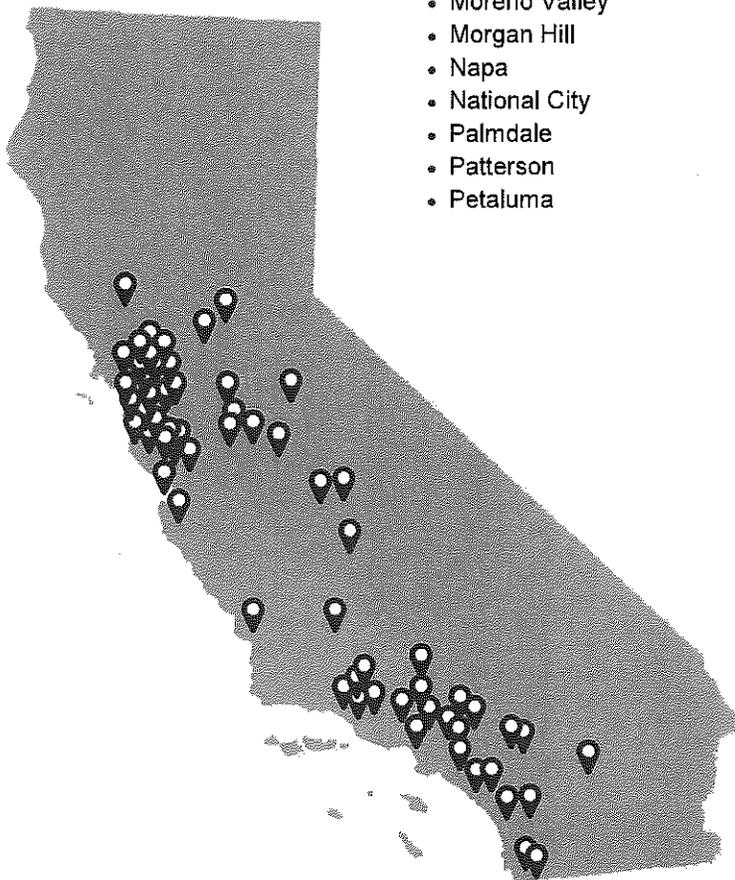
I want to give you a very big thank you!! It was a long road, but one that was very good to have traveled. We are in a very good position to move forward with our new fee schedule. Thank you for your diligence, perseverance, and patience. It is wonderful to have the fees adopted and moving forward.

JOE CHIN
town manager

Comprehensive Fee Study and
Full-Cost Allocation Plan
Completed: April 2016

Exhibit B: The following is a list of clients for which NBS has provided User Fee, Regulatory Fee, and Cost Allocation Plan consulting services within the last five years:

- Agoura Hills
- Alameda
- American Canyon Fire Protection District
- Association of Bay Area Governments
- Belmont
- Benicia
- Brea
- California Fire & Rescue Training Authority
- Camarillo; *User Fee Study*
- Carlsbad
- Chula Vista
- Clearlake
- Concord
- Contra Costa County
- Culver City
- Dixon; *Full and OMB A-87 Cost Allocation Plan*
- Emeryville
- Escondido
- Fairfield
- Fountain Valley
- Half Moon Bay
- Huntington Beach
- Indio
- Lincoln
- Los Angeles
- Martinez
- Merced
- Moraga-Orinda Fire Protection District
- Moreno Valley
- Morgan Hill
- Napa
- National City
- Palmdale
- Patterson
- Petaluma
- Rancho Santa Margarita
- Richmond
- Riverside
- Rocklin
- Sacramento
- Sacramento Metropolitan Fire District
- Sacramento Public Library Authority
- San Carlos
- San Diego
- San Francisco Municipal Transit Authority
- San Jose
- San Juan Capistrano
- San Luis Obispo
- Santa Clara County
- Santa Cruz
- Santa Paula
- Sausalito
- Seaside
- Sierra Madre
- Solano Irrigation District
- Stanislaus Consolidated Fire Protection District
- Sunnyvale
- Taft
- Town of Atherton
- Town of Colma
- Town of Portola Valley
- Tulare
- Tuolumne Utilities District
- Turlock
- Tustin
- Vallejo
- Ventura



PROPOSED PROJECT STAFF

NBS' staff of 37 professionals have extensive experience in the fields of finance, management, engineering, and local governance and combine their knowledge to produce a synergy that results in maximum success and minimum risk. Recognized as leaders in their field, they are often asked to teach university courses, and participate in workouts for troubled agencies. In addition, NBS staff works with our clients as partners by developing an intimate knowledge of their needs and responding with strategic and timely solutions.

The following is a brief overview of the NBS consulting team proposed to manage and complete the work plan steps noted for this engagement. *Full resumes for senior-level personnel can be found in the Appendix.*

PROJECT DIRECTOR

NICOLE KISSAM

Roles and Responsibilities: Ms. Kissam will manage the ongoing administration of the project and direct the work efforts the consultant project team. She will monitor schedule and delivery of work products to the City's satisfaction and serve as a resource for technical support, discussion, and quality control review on the project. While designing and directing analytical efforts, she will also provide senior-level technical analysis as warranted throughout the project.

Experience and Education: Ms. Kissam is a Director with NBS in the Financial Consulting Group. She has 15 years total work experience in public sector consulting, city government, marketing, and public relations. Nicole has been a financial and management consultant to local government for the majority of her career, specializing in Full and OMB A-87 compliant cost allocation plans, user and regulatory fee analysis, impact fee analysis, financial plans, and operational improvement strategy for California agencies. Nicole holds a Bachelor of Science in Business Administration from California Polytechnic State University in San Luis Obispo. Ms. Kissam has completed similar projects as requested in the City's RFP for many agencies across California. *(See full length resume for a sample listing of individual experience.)*

PROJECT MANAGER / LEAD CONSULTANT

GRETA DAVIS

Roles and Responsibilities: Ms. Davis, an Associate Director in NBS' Financial Consulting Group, is available to the City as the Project Manager and Lead Consultant for this engagement. She will execute all aspects of day to day workflow and analytical design. She will facilitate completion of key aspects of the project's Task Plan, including but not limited to, organizational interviews, fee model development, data collection, timeline management, draft reviews, documentation efforts, and presentation of results.

Experience and Education: Ms. Davis offers over 25 years of experience in all facets of financial, organizational and operational consulting for local government clients. The majority of her professional experience includes development of Full Cost and OMB A-87 compliant cost allocation plans, and user fee analysis including establishment of realistic, customized fee recovery policies. Greta holds a Bachelor of Arts in Social Science, with an emphasis in Finance, from the University of California, Irvine. Ms. Davis has completed similar projects as requested in the City's RFP for many agencies across California. *(See full length resume for a sample listing of individual experience.)*

SENIOR CONSULTANT

STACEY SHELL

Roles and Responsibilities: Stacey Shell, a Manager in NBS' Financial Consulting practice is also available to the City for this important project. If needed, Stacey Shell provides an alternate Lead Consultant role for this engagement. She may also be deployed to assist with data collection efforts or analytical tasks, depending on the project's needs or timeline.

Experience and Education: Stacey Shell has nine years of project management experience, seven years of which are dedicated to Cost Allocation Plan, User Fee Analysis, and State-level public health program implementation projects. As an NBS employee, she provides professional expertise in the areas of project management, consulting, facilitation, public speaking, document development and analysis for cost allocation plan and user fee study engagements. Ms. Shell holds a Masters in Business Administration from California State University in Sacramento, and Project Management Professional Certification. *(See full length resume for a sample listing of individual experience.)*

FINANCIAL ANALYST

KHALID WAHIDI

Roles and Responsibilities: Financial Analysts perform large-scale data analysis and validation, design and implement cost allocation and rate models, and prepare technical outcomes at the direction of the Project Director and Project Manager. Analysts also facilitate data collection and reminders to client staff in order to keep projects moving along the agreed upon timeline for completion.

Experience and Education: All NBS Financial Analysts have a minimum Bachelors-level degree in Business, Finance, or Economics and between one and three years of professional work experience with NBS or in a related field. *(See full length resume for a sample listing of individual experience.)*

Full resumes are included on the following pages.

NICOLE KISSAM
Director



RESUME HIGHLIGHTS

- Over 15 years of experience in public sector counseling, city government, marketing and public relations
- Expertise in financial and management consulting
- Specialized in cost allocation plan, user fee and rate studies for California agencies

EDUCATION

- Bachelor of Science, Business Administration, California Polytechnic State University, San Luis Obispo

PROFESSIONAL AFFILIATIONS

- Association of California Water Agencies (ACWA)
- American Public Works Association (APWA)
- California Society of Municipal Finance Officers (CSMFO)

SPEAKING ENGAGEMENTS

- Revenue Remedies, Pre-Conference Workshop, CSMFO 2013
- Verdict on User Fees, Panel on User Fees, CSMFO 2013
- Strategies for Managing Your Building Department's Budget, CBOAC, 2011

BIOGRAPHY

Nicole Kissam is Director of Financial Consulting for NBS. She has over 15 years total work experience in public sector consulting, city government, marketing, and public relations.

Nicole has been a financial and management consultant to local government for the majority of her career, specializing in cost allocation plans, and user fee and rate studies for California agencies. She also spent several years performing management audits to improve the operational efficiency of various municipal services, including wastewater, community development, public works, recreation and human resources. She has supported, developed, and directed financial services consulting practices for three private consulting firms offering similar services to those proposed to be completed by NBS in this document.

Ms. Kissam has participated in, managed, and completed more than 100 separate consulting engagements throughout her career, from small jurisdictions with less than 10,000 population, to large jurisdictions such as the City/County of San Francisco's Building Inspection Department, and City of Los Angeles' Planning and Fire Departments.

"I really appreciate all of the extra time you spent educating me (and my staff) on the basis for the rates. It was extremely valuable and gives me the detail I need to explain and justify any increases. Thanks again for everything. It was a pleasure working with you!"

CHAD DAVISSON
WASTEWATER MANAGER
CITY OF RICHMOND

[Nicole Kissam served as the Project Manager on various financial analyses for the City.]

RECENT NBS PROJECT EXPERIENCE

Within the last three (3) years as Director of NBS' Financial Consulting practice, Nicole has managed and completed the following relevant projects to the scope of services proposed in this document:

- Association of Bay Area Governments (ABAG), *Indirect Cost Allocation Plan Review*
- City of Chula Vista, *Cost Allocation Plan Review and User Fee Study Analysis*
- City of Clear Lake, *Cost Allocation Plan*
- Contra Costa County, *User and Regulatory Analysis Review*
- City of Dixon, *Cost Allocation Plan*
- City of East Palo Alto, *Cost Allocation Plan and Comprehensive Fee and Rate Study*
- City of Eastvale, *Development Impact Fee Study*
- City of Fresno, *Fire Prevention User Fee Analysis*
- City of Indio, *Cost Allocation Plan and User Fee Study*
- City of Los Angeles, *Expedited Review Fees for the Department of City Planning*
- City of Napa, *Cost Allocation Plan and User Fee Study*
- City of Petaluma, *Cost Allocation Plan and Internal Service Fund Rate Review*
- City of Portola Valley, *Community Development User Fee Analysis*
- City of Richmond, *User Fee Analysis for Engineering, Code Enforcement and Medical Marijuana.*
- City of San Luis Obispo, *Building Department User Fee Analysis*
- City of San Carlos, *Citywide User Fee Study, Police False Alarm Analysis, Sewer Financial Plan and Rate Update Recommendations*
- City of Sausalito, *User Fee Study (in progress)*
- City of Taft, *Cost Allocation Plan and User Fee Study*
- City of Turlock, *Building Fee Study*
- Sacramento Public Library Authority, *Cost Allocation Plan*
- Santa Clara County Environmental Health Department, *User Fee and Fund Balance Analysis*

HISTORICAL PROJECT EXPERIENCE

Nicole was the project manager and lead analyst for the following engagements as Vice President for the Matrix Consulting Group:

- City of Arcata, *Building Fee Analysis*
- City of Atwater, *Building Fee Analysis*
- Centre City Development Corporation (San Diego), *Planning Fee Analysis*
- City of Elk Grove, *Overhead Cost Allocation Plan*
- City of Fresno, *Development Services Fee Analysis*
- City of Manteca, *User Fee Analysis*
- Marin County Community Development Agency, *Fee Analysis*
- Maui County, *Planning Department Fee Analysis*
- City of Petaluma, *Citywide Cost Allocation Plan and User Fee Analysis*
- City of Richmond, *Citywide Cost Allocation Plan and User Fee Analysis for Planning and Building*
- City/County of San Francisco, *Department of Building Inspection Fee Analysis*
- City of San Jose, *Land Development / Engineering Fee Analysis*
- City of Sunnyvale, *Development Services Fee Analysis*
- City of Temecula, *Citywide User Fee Analysis*

GRETA DAVIS
Associate Director



RESUME HIGHLIGHTS

- Seasoned Professional in Cost Allocation Plans, Cost of Service/User Fee Analysis and Building Nexus Fee Studies
- Solid track record of implemented results in assisting public entities recover additional revenue to fund programs and services
- *Over 25 years of experience*

"Thanks for your help and patience on the project!"

BROOKE MCKINNEY
TREASURY OPERATIONS
DIVISION MANAGER
CITY OF MORENO VALLEY

[Greta Davis served as the Project Manager and Lead Consultant on a project for the city.]

EDUCATION

- Bachelor of Arts in Social Science; Emphasis in Finance, University of California, Irvine, 1990
- Risk Management Certificate, University of California, Riverside, 1992

PROFESSIONAL AFFILIATIONS

- CSMFO – California Society of Municipal Finance Officers
- MMASC – Municipal Management Association of Southern California

SPEAKING ENGAGEMENTS

- League of CA Cities – Annual Conference break out session, "Fire Department EMS Cost Recovery", September 2013
- NBS Workshop – Extreme Revenue (And Cost) Makeover - over 30 local jurisdictions represented, May 2012
- League of CA Cities - Financial Management Seminar, "Setting User Fees in the Current Legal Environment", December 2007

BIOGRAPHY

Ms. Davis offers over 25 years of experience in all facets of government financial, organizational and operational consulting for local government clients. A dedicated professional and industry professional with a solid track record of implemented results in assisting public entities recover additional revenue to fund programs and services. Recent projects include working with local agencies to become financially stable by re-aligning fees and increase service delivery of reduced or eliminated programs and community services. Ms. Davis continues efforts in evaluation of cost of service delivery of services and programs and establishment of realistic fee recovery policies to assist local governments with the organizational strategic and business goals and objectives.

Ms. Davis has over 25 years of experience in local government services. Her range of experience includes the following:

- Project Management; Training and Quality Assurance
- Indirect Cost Rate Studies/Federal OMB A-87 Indirect Cost Allocation Plans
- Cost of Service/User Fee Studies/Activity Based Cost Studies
- Federal/State Jail Rates
- Federal IV-D Indirect Cost Reimbursement Agreements

- Revenue Maximization, Process Re-engineering and Process Improvement
- Budget Analysis and Program Management, Consultation and Advice
- Government audit liaison on audits of indirect cost rates and cost eligibility

RECENT NBS PROJECT EXPERIENCE

Within the last three (3) years as a Project Manager and Lead Consultant with NBS' Financial Consulting practice, Greta has managed and completed the following relevant projects to the scope of services proposed in this document:

- City of Alameda, *User Fee Study*
- City of Bell, *Cost Allocation Plan*
- City of Belmont, *Indirect Cost Allocation Plan and ICRP*
- City of Camarillo, *User Fee Study*
- City of Concord, *Cost Allocation Plan and User Fee Study (in progress)*
- City of Chula Vista, *Cost Allocation Plan Review and User Fee Study Analysis*
- City of Dixon, *Cost Allocation Plan.*
- City of Escondido, *OMB A-87 Cost Allocation Plan and Federal GEMT Cost Reporting*
- City of Fountain Valley, *Cost Allocation Plan and User Fee Study (in progress).*
- City of Huntington Beach, *Cost Allocation Plan and User Fee Study (in progress)*
- City of Lincoln, *Cost Allocation Plan and User Fee Study (in progress)*
- City of Napa, *Cost Allocation Plan and 911 Indirect Cost Allocation Plan*
- City of National City, *Full and OMB Cost Allocation Plan*
- City of Moreno Valley, *Full and OMB Cost Allocation Plan and ICR Proposal*
- City of Palmdale, *Cost Allocation Plan and Fully Burdened Hourly Rates*
- City of Riverside, *Cost Allocation Plan*
- City of Seaside, *User Fee Study*
- City of Santa Cruz, *Cost Allocation Plan and User Fee Study*
- City of San Juan Capistrano, *Cost Allocation Plan and User Fee Study*
- City of South San Francisco, *OMB A-87 Cost Allocation Plan and Federal GEMT Cost Reporting*
- Sacramento Public Library Authority, *OMB A-87 Cost Allocation Plan*
- Sacramento Metropolitan Fire District, *Full and OMB Cost Allocation Plan and Fully Burdened Hourly Rates*
- San Francisco Municipal Transportation Agency, *OMB A-87 Cost Allocation Plan and Rates*

HISTORICAL PROJECT EXPERIENCE

Over the life of her career, Ms. Davis provided Cost Allocation services to the following agencies:

Lancaster, Vallejo, Vista, Encinitas, Oceanside, Malibu, Dana Point, Huntington Beach, Mission Viejo, Hawthorne, Rancho Palos Verdes, Rancho Cucamonga, Grover Beach, Orange, Lynwood, Irvine, Maywood, Calexico, National City, Santee, Covina, Moreno Valley, Rancho Santa Margarita, Turlock, Tulare, Lathrop, Imperial Beach, Solana Beach, Victorville, Yucaipa, San Bernardino, Seal Beach, Los Altos Hills, Willits, Fresno, Pasadena, Bay Area Air Quality District (BAAQ), Watershed Conservation Authority (WCA), Imperial County, Butte County, Orange County, Solano Irrigation District, Olivenhain Municipal Water District, Los Angeles Metropolitan Transit District (METRO), Greater Cleveland RTA.

STACEY SHELL Manager



RESUME HIGHLIGHTS

- Experienced project manager of Cost Allocation Studies and User and Regulatory Fee Analysis
- Extensive background in providing consulting and project management support to federal, state and local government in the subject areas of development services, public safety, public works, health and human services, information technology, project planning and implementation, public program administration, finance and state mandated reimbursement

EDUCATION

- Master in Business Administration, California State University Sacramento, 2009
- Bachelor of Science, Finance; HRM; Risk Management California State University Sacramento, 2002
- Project Management Professional Certification, 2011 and 2014

BIOGRAPHY

Stacey Shell is a Manager in the Financial Consulting Group at NBS. Ms. Shell has nine years of project management experience, seven years dedicated to Cost Allocation Plan, User Fee Analysis, and State-level public health program implementation projects. Additionally, Ms. Shell has recently returned from twenty-seven months of service in the Peace Corps as a Community Economic Development Volunteer in Azerbaijan, where her primary project assignments were in the local municipality's "city hall". As an NBS employee, she provides professional expertise in the areas of project management, consulting, facilitation, public speaking, document development and analysis for cost allocation plan and user fee study engagements.

"I want to give you a very big thank you!! It was a long road, but one that was very good to have traveled. We are in a very good position to move forward with our new fee schedule. Thank you for your diligence, perseverance, and patience. It is wonderful to have the fees adopted and moving forward."

JOE CHIN
TOWN MANAGER
TOWN OF ROSS

[Stacey Shell served as project manager on a Comprehensive Fee Study and Full Cost Allocation Plan completed April 2016.]

RECENT RELEVANT PROJECT EXPERIENCE

The following list provides a sampling of user fee study, cost allocation plan and SB 90 projects that Stacey Shell has participated in, or managed over the life of her consulting career.

- City of Alameda, *User Fee Study, SB 90*
- City of Bakersfield, *SB 90*
- City of Berkeley, *SB 90*
- City of Chico, *SB 90*
- City of Clovis,
Fire Department User Fee Study
- City of Corcoran, *SB 90*
- City of Covina, *User Fee Study*
- City of Cupertino, *User Fee Study*
- City of Danville, *Cost Allocation Plan, SB 90*
- City of Delano, *SB 90*
- City of Diamond Bar, *Cost Allocation Plan
and User Fee Study*
- City of Dinuba, *SB 90*
- City of East Palo Alto, *SB 90*
- City of El Cerrito, *SB 90*
- City of Emeryville, *SB 90, User Fee Study*
- City of Fontana, *Cost Allocation Plan*
- City of Hayward, *User Fee Study*
- City of Lathrop, *User Fee Study*
- City of Los Altos, *SB 90*
- City of Los Gatos, *SB 90*
- City of Millbrae, *SB 90*
- City of Modesto, *User Fee Study*
- City of Mountain View, *User Fee Study*
- City of Moreno Valley, *User Fee Study*
- City of Morgan Hill, *Development
Services Fee Study*
- City of Napa, *User Fee Study*
- City of National City, *User Fee Study*
- City of Ojai, *SB 90*
- City of Ontario, *User Fee Study*
- City of Paradise, *SB 90*
- City of Porterville, *SB 90*
- City of Rancho Cucamonga, *User Fee Study*
- City of Riverside, *User Fee
Study and Cost Allocation Plan*
- City of Rohnert Park, *User Fee Study*

KHALID WAHIDI **Financial Analyst**



RESUME HIGHLIGHTS

- Experienced financial analyst in support of cost allocation studies, cost of service studies, and user and regulatory fee analysis.
- Working knowledge of public finance and governmental accounting practices.
- Extensive experience working with analytical software, databases, and spreadsheets.

EDUCATION

- Bachelor of Science in Business Administration, Finance Concentration, California State University Sacramento, Cum Laude 2012

BIOGRAPHY

Mr. Wahidi is a Financial Analyst for the Financial Consulting Group at NBS. Under the direction of our senior management personnel, Khalid provides support for Overhead Cost Allocation Plans, Cost of Service Studies, and User Fee Studies. As an NBS employee, Mr. Wahidi has provided assistance as a Financial Analyst for several California public agencies, ranging from Citywide studies to specialized analysis for Fire Districts and Parks and Recreation Departments.

In addition to his experience at NBS, Khalid offers many years of undergraduate studies in market analysis, economic analysis, cost/expense analysis, asset allocation, risk and portfolio management, and project based profit and loss statements.

RECENT RELEVANT PROJECT EXPERIENCE

The following NBS engagements relevant to the proposed scope of work were supported by Khalid Wahidi:

- City of Riverside, *Cost Allocation Plan and User Fee Study*
- City of Culver City, *Cost Allocation Plan and User Fee Study*
- City of Carlsbad, *Community and Economic Development Department User Fee Study*
- City of Clovis, *Fire Department User Fee Study*
- City of Concord, *Citywide User Fee Study*
- City of Half Moon Bay, *Cost Allocation Plan and Citywide User Fee Study*
- City of Indio, *Cost Allocation Plan and User Fee Study*
- City of Los Angeles, *Department of City Planning User Fee Study*
- City of Moreno Valley, *Citywide User Fee Study*
- City of Emeryville, *Cost Allocation Plan and User Fee Study*
- City of Sacramento, *Code Compliance Fees and Penalties Study*
- City of Santa Clara, *Cost Allocation Plan and User Fee Study*
- City of San Juan Capistrano, *Cost Allocation Plan and User Fee Study*
- City of San Luis Obispo, *Citywide User Fee Study*
- City of Fairfield, *Fire Department User Fee Study*
- City of Morgan Hill, *Planning Department User Fee Study*
- City of Martinez, *Cost Allocation Plan and Citywide User Fee Study*
- City of Napa, *Development Impact Fee Study*
- County of Santa Clara, *Department of Environmental Health User Fee Study*
- San Ramon Valley Fire Protection District, *Fire Department User Fee Study*
- Solano Irrigation District, *OMB A-87 Cost Allocation Plan*

3. WORK PLAN

WORK PLAN: INDIRECT COST ALLOCATION STUDY

The following detailed work plan for the Cost Allocation Plan includes two deliverable versions of the Plan:

- 1) A Full Cost Allocation Plan which includes more inclusive costs in the basis of overhead allocations. This version of the Plan is typically targeted for use in an agency's annual budget, reimbursement from enterprise and special revenue funds, and for inclusion in calculation of the full cost of providing user fee services.
- 2) A version of the Cost Allocation Plan which complies with the requirements and guidelines of *Title 2, Code of Federal Regulations, Part 225, Cost Principles for State, Local, and Indian Tribal Governments* (formerly known as OMB A-87). This version of the Plan is more restrictive in the types of costs included in the basis of overhead allocations.

TASK 1: PRELIMINARY DATA COLLECTION

The purpose of this task is to initiate the project on solid footing and establish common understanding. NBS will gather and review published City information and readily-available data and issue a comprehensive data request to City staff, to include items such as detailed revenue and expense budgets for the current and last completed fiscal year, any timekeeping data currently recorded by City staff, and any relevant volume/activity statistics currently tracked by the City. (The latter two items will be requested in a more refined basis after project commencement and staff interviews are conducted.)

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> • List of basic data requirements for the Study • Kick-off presentation to appropriate staff • On-site initial meeting with executive staff to review goals, objectives, and project management plans 	2
City Activity Requirements	
<ul style="list-style-type: none"> • Basic data requirements for the Study as listed by NBS (staffing, salary, budget, etc.) • Attendance at kick-off presentation and initial Executive staff meeting • Designate City's project management representative (minimal involvement) 	2 hours for the Finance Department, and approximately 1 hour for each attendee of the kick off presentation and executive staff meeting.

TASK 2: PROJECT COMMENCEMENT AND ORGANIZATIONAL REVIEW

NBS will identify an initial list of indirect cost centers and recipients, which typically include, but is not limited to the following City Departments: City Council, City Manager, City Clerk, City Attorney, Finance,

Human Resources, Administrative Services, and Building or Facilities maintenance. In one series of on-site meetings:

- Meet with a gathering of participating City staff (e.g., Finance personnel) to kick-off the project, discuss initial ideas regarding cost allocation, and prepare for subsequent analytical review efforts.
- Conduct individual meetings with each indirect cost center to examine further the City's current organizational and financial structure, and identify functional service levels in which to summarize indirect costs.
- Discuss with City staff the recommended cost allocation detail and corresponding bases for apportioning costs City-wide. This step will include specific discussions regarding those support services which fluctuate to determine the most appropriate allocation basis with the goal to reduce the variance from year to year.

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> • Review and analyze the organizational structure and financial format to prepare the plan model • Staff structure review/interviews 	12
City Activity Requirements	
<ul style="list-style-type: none"> • Provide consultant with data as requested • Attendance at interviews (if needed) 	Approximately 2 hours for each administrative department involved in the Study

TASK 3: DATA COLLECTION

With City staff buy-in and cooperation, embark on data collection to develop sets of information to be used as factors for cost allocation. (The study will seek to primarily use data sets already maintained for other purposes in order to minimize ongoing labor burdens in maintaining future cost allocations; however, new data sets may be developed where warranted.)

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> • Data collection for the structure, functions, costs, and allocation basis needed to complete the first draft of the Plan 	20
City Activity Requirements	
<ul style="list-style-type: none"> • Review and discussion of consultant's initial interpretation of the data • Provide consultant with data as requested 	Approximately 1 to 2 hours of support from finance

TASK 4: COST ALLOCATION MODEL DEVELOPMENT

Work with City staff to discuss the identified structure and ensure that the proposed direction will satisfy all City-wide requirements for overhead allocation. Develop an overhead cost allocation model in the Microsoft Excel spreadsheet environment. Reflect the City’s organizational and financial structure and target a user-friendly, sustainable configuration for the City’s future use. Include easily-identifiable and annotated data entry areas, the necessary computations to perform at least two levels and layers (“step-downs”) of cost allocations City-wide, and summary reports identifying total annual costs allocated.

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> Model development; Confirm and clarify any data or staff time allocations in the model 	36
City Activity Requirements	
<ul style="list-style-type: none"> Review and provide requests for changes or points of discussion to the consultant 	Approximately 1 hour for each administrative department involved in the Study

TASK 5: DERIVATION OF OUTCOMES – FULL COST ALLOCATION PLAN

Compile associated costs and make any necessary adjustments to costs to ensure capture only of relevant support services costs. Input cost and allocation factor data into the overhead cost allocation model, and complete the functionality of the plan. Generate annual allocated costs by budget unit and fund. Meet with City staff via teleconference once during this process to review interim analysis/progress. Collect input and one-round of revisions to the draft plan results.

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> One to two rounds of revisions to finalize the Cost Allocation plan Copies of the Final Cost Allocation Plan and electronic version of the analytical model, as well as a Final narrative report that explains the analysis Discussion and advice on implementation and uses of the Plan 	8
City Activity Requirements	
<ul style="list-style-type: none"> Review and approve final Cost Allocation Plan 	Approximately 1 hour for each administrative department involved in the Study-Review; On-site training for all department staff throughout project

TASK 6: COST ALLOCATION PLAN DOCUMENTATION AND PRESENTATION OF OUTCOMES

Prepare a draft report documenting the Full Cost Allocation Plan. The report includes an Executive Summary, citation of data sources and key analytical assumptions, illustration of analytical methods; presentation of findings; narrative descriptions complying with the standards of OMB A-87; and, technical

appendix showing the analysis and any relevant data sources. Participate in the presentation of the draft plan to the City's management group or project management team, collect input, and make one round of revisions to the draft report. Provide the City with ten bound and one unbound copy, along with PDF electronic copies of the final report and related summary schedules and cost documentation in excel.

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> • Delivery and discussion of the Draft Cost Allocation Plan • Draft narrative report that explains the analysis • 10 Copies of the Final Cost Allocation Plan and electronic PDF version of the Final Report; related summary schedules and cost documentation in excel • Discussion and advice on implementation and uses of the Plan 	10
City Activity Requirements	
<ul style="list-style-type: none"> • Review and provide requests for changes or points of discussion to the consultant 	Approximately 1-2 hours for each administrative department involved in the Study

OPTIONAL CAP TASK 7: OMB VERSION COST ALLOCATION PLAN

Prepare an OMB Version - Cost Allocation Plan. Make any necessary adjustments to the final version of the Full Cost Allocation Plan's structure, expenditure data, or allocation factor data to ensure compliance with CFRm Title 2, Part 200 guidelines. Review Plan results with City staff. Collect input and one round of revisions to the draft plan and rate results. Note this task assumes no change in fiscal year expenditure data from the Full Cost Allocation Plan.

CLIENT SATISFACTION

The plan outlined in the previous sections provides a chance for City Management to review, ask questions, provide comments and feedback at the draft results phase as well as the final report phase. This provides an opportunity for adjustment to the final results to ensure satisfaction with the project results.

We feel that this high level of project management offered by our team of experts, including detailed work plans, quality control measures, efforts to minimize project impacts on City staff combined with the draft and final review process, provides effective measures for our proven track record of client satisfaction. We believe the above points are critical success factors for any consulting engagement.

4. PROJECT BUDGET

HOURLY RATES

NBS applied the following hourly rates to derive the overall not-to-exceed pricing for the requested scope of services. NBS' rates are inclusive of all costs associated with professional time, such as travel, document production, and incidentals. The rates will apply for the duration of our contract:

Title	Hourly Rate
Director	\$205
Associate Director	190
Manager	160
Consultant	140
Analyst	120

Exhibit D. Detailed Project Budget by Cost Allocation Work Plan Task

PROJECT COST DETAIL Task Plan	Consultant Labor (Hours)		Grand Totals	
	Project Manager	Analyst	Consultant Labor (Hours)	Consultant Costs (\$)
<i>Hourly Rate</i>	<i>\$190</i>	<i>\$120</i>		
Commencement Data Collection				
A. Gather/analyze data	4.0	-	4.0	\$ 760
B. Identify initial structure	2.0	-	2.0	380
C. Meet with City staff	8.0	-	8.0	1,520
Subtotal	14.0	-	14.0	2,660
Cost Allocation Model Development				
A. Conduct organizational review	2.0	2.0	4.0	620
B. Develop model	8.0	16.0	24.0	3,440
C. Prepare allocation factors	2.0	12.0	14.0	1,820
D. Input data	2.0	12.0	14.0	1,820
Subtotal	14.0	42.0	56.0	7,700
Derivation of Outcomes				
A. General annual allocations	4.0	4.0	8.0	1,240
B. Finalize Deliverable	6.0	4.0	10.0	1,620
Subtotal	10.0	8.0	18.0	2,860
OMB Version				
A. General annual allocations	2.0	4.0	6.0	860
B. Finalize Deliverable	2.0	4.0	6.0	860
Subtotal	4.0	8.0	12.0	1,720
GRAND TOTAL NOT TO EXCEED	38	50	88	14,940

5. COSTS

DETAILED PROJECT BUDGET

NBS proposes a professional fee that is a specific "not to exceed" fixed fee amount of **\$14,940 for the Cost Allocation Plan based on the Scope of Services in the Work Plan, Section 3**. A fixed fee contract amount enables the City to have full disclosure and budget for the project. The project budget provides the detailed time estimates of hours for each task and what is included in each project task.

PUBLIC MEETINGS COSTS

The proposed work plan for this engagement allows the meeting attendance to be customized for each agency based on their needs. We find that nearing the end of a project, clients require flexibility in choosing the number of meetings required for project implementation, or may select for City staff to present to the City Council. The Cost Allocation Plan is not required to be approved by the City Council like the User Fee Resolution. This document is an internal tool that provides the City with the full cost determination should the City decide to recover support costs from Non-General Funds, Enterprise Funds, User Fees, or other agreements. Should the City elect to present the results of the Cost Allocation Plan to the City Council, NBS can provide support for this based on this section. NBS will attend any City Council, subcommittee meeting, community stakeholder or public meeting for an additional fee of **\$1,520 per meeting**. We recommend the City place the appropriate expected budget for meetings in a separate project "contingency" budget, to be used by NBS only upon authorization/request from the City.

INVOICING

NBS invoices on a monthly basis, following recorded consultant time on the project, paralleling our completion of the work. At no time will we invoice for charges in excess of the fee to which the City of Calexico and NBS mutually agree. Should the City specifically request additional services beyond those described in this document, we will discuss those requests and associated costs at that later time and only invoice for additional fees upon separate written authorization from the City.

PROJECT PRICE PROPOSAL

Our professional fees are based on our understanding of the City's needs and the effort we believe is necessary to complete the scope of services/task plan described. We express this honestly and transparently through our price proposal.

Should the proposed project cost noted here fall outside of the City's expectations, please let us know so we can discuss a scope and project fee that are mutually agreeable.

6. SCHEDULE

A study of this nature typically requires two to three months to complete a Final Report. This is a reasonable timeline allowing for quality data submittals to be accomplished by City staff amongst competing priorities.

NBS would be available to begin this project on or around September 27, 2016, per the RFP. The following provides a typical timeline for the City's review:

Exhibit C. Project Timeline

TASK	WEEK											
	1	2	3	4	5	6	7	8	9	10	11	12
Overhead Cost Allocation Plan	[Shaded]											
Commencement Data Collection	[Shaded]											
Cost Allocation Model Development	[Shaded]											
Derivation of Outcome	[Shaded]											

Upon project commencement, a schedule and task plan will be developed for mutual acceptance by the City and consultants. It is important that the consultants and City project management work closely together to determine a reasonable schedule that balances the preferred date for project completion with City staff's existing workload and priorities. During the data collection tasks of proposed Work Plan, NBS will proactively remind of agreed upon submittal dates, and strive to process submittals quickly to keep the project moving forward.

CITY STAFF RESPONSIBILITIES

NBS plans to work closely with City staff in conducting this study. To that end, we assume that City staff will provide the following:

- **Data as Requested** – This includes financial data such as current and projected budgets, detailed operating costs, capital improvements plans (types of projects, costs and timing), and related data.
- **Summary of City Policies** – Particularly policies, whether written or assumed.
- **Coordination and Attendance of Meetings** – While NBS will work with City staff to schedule meetings and presentations, we would expect City staff to coordinate internal schedules to ensure that appropriate staff members will attend meetings as needed.
- **Provide Study Direction and Guidance** – As we develop and propose alternative financial and rate design scenarios, we will expect City staff to provide direction and decisions on how they would like to study to proceed. We will expect staff to coordinate with City management to ensure alternatives pursued are in line with the City's overall objectives.
- **Coordination of Workshops and Presentations** – Staff will need to coordinate and schedule any meetings and/or presentations with the City Council and/or Financial and Administration Committee as needed.
- **Presentation Materials** – We will assume that any handouts or copies of presentations to the public and/or Board or Committee members for public meetings, workshops, and presentations will be provided by City staff.

ADDITIONAL DISCLOSURES

CLIENT'S RESPONSIBILITIES

The Client shall furnish Consultant with any pertinent information that is available to Client and applicable to the Services. The Client shall designate a person to act with authority on its behalf in respect to the Services. The Client shall promptly respond to Consultant's requests for reviews and approvals of its work, and to its requests for decisions related to the Services. Client understands and agrees that Consultant is entitled to rely on all information, data and documents (collectively, "Information") supplied to Consultant by Client or any of its agents, contractors or proxies or obtained by Consultant from other usual and customary sources including other government sources or proxies as being accurate and correct and Consultant will have no obligation to confirm that such Information is correct and that Consultant will have no liability to Client or any third party if such Information is not correct.

INDEMNIFICATION

Consultant shall defend, indemnify and hold harmless Client, its officers, employees, officials and agents from and against all claims, demands, losses, liabilities, costs and expenses, including reasonable attorneys' fees, (collectively "Liabilities") arising out of or resulting from the negligence or willful misconduct of Consultant or a breach by Consultant of its obligations under this Agreement, except to the extent such Liabilities are caused by the negligence or willful misconduct of Client. Consultant will not be liable to the Client or anyone who may claim any right due to a relationship with Client, for any acts or omissions in the performance of Services under this Agreement, unless those acts or omissions are due to the negligence or willful misconduct of Consultant. Except in the case of Consultant's negligence, willful misconduct or breach of its obligations under this Agreement, Client shall defend, indemnify and hold harmless Consultant, its officers, directors, shareholders, employees and agents from and against all Liabilities to the extent that such Liabilities arise out of Consultant performing Services pursuant to the terms of this Agreement, including, without limitation, any Liabilities arising as a result of Client or any of its agents or contractors supplying incorrect Information or documentation to Consultant. The provisions of this Section shall survive termination of this Agreement.

7. REFERENCES

CITY OF MORENO VALLEY COST ALLOCATION PLAN AND USER FEE STUDY Dates of Services: 2014



Contact Information

Marshall Eyerman
Financial Resources Division
Manager
P: 951-413-3519
E: marshalle@moval.org

NBS completed a Full and OMB A-87 Cost Allocation Plan for the City. In addition, NBS was awarded a contract to prepare the ICRP for the Public Works Capital Projects Division for the main purpose of indirect reimbursement for federal and state grant funds. This ICRP is submitted annually to Cal Trans for approval. Due to the successful outcome of the Cost Allocation Plan, the City also contracted NBS to perform a Comprehensive User Fee Study.

RIVERSIDE CITYWIDE COST ALLOCATION PLAN AND USER FEE STUDY



City of Arts & Innovation

Contact Information

Michael Gomez
Financial Resources Manager
(previous position)
P: 951.826.5113
E: michael.gomez@nextlevel.com

NBS completed a citywide overhead cost allocation plan (both full cost and OMB A-87 compliant), and is in the process of finalizing a Citywide user fee study for the City of Riverside. Scope of work included determination of the estimated reasonable costs of providing various City services, expressed annually, as fully burdened hourly rates, and at the individual fee level. Departments studied included: Clerk, Finance, Recreation, Planning, Engineering, Public Works, Building, Code Enforcement, Library, and Museum.

FOUNTAIN VALLEY USER FEE STUDY



Contact Information

Teresa Gonzalez
Accounting Manager
P: 714.593.4503
E: teresa.gonzalez@fountainvalley.org

NBS completed a User Fee Study for the City of Fountain Valley. Fees included in the analysis stemmed from the following broad categories: administration/governmental, water customer services, public works, recreation, fire and police. Key consulting tasks included development of a deliverable cost of service model justifying fully-burdened hourly rates and activity/service unit costs, a master fee schedule identifying the maximum fee amount justified, documentation of cost recovery and pricing objectives, and market comparison of all fees as well as Council presentation and implementation assistance.

**RANCHO SANTA MARGARITA
COST ALLOCATION PLAN AND USER FEE STUDY / ANNUAL UPDATES**



Contact Information

Stephanie Turner
Finance Director
P: 949.635.1808
E: sturner@cityofrsm.org

Greta Davis, the proposed project manager for this engagement, is in the process of preparing a Full Cost Allocation Plan and OMB A-87 version for the City of Rancho Santa Margarita. Additionally, she is completing user fee study for the Planning, Building and Public Works/Engineering departments.

**SAN JUAN CAPISTRANO
COST ALLOCATION PLAN AND USER FEE STUDY**



Contact Information

Cindy Russel
Administrative Services Director
(previous position)
P: 714.671.4418
E: cindyr@ci.brea.ca.us

NBS conducted a Cost Allocation Plan and User Fee Study for the City of San Juan Capistrano. Included in the project was an Overhead Cost Allocation Plan to identify and allocate the costs of central governmental and administrative services. Fees included in the analysis stemmed from the following broad categories: administration/governmental, building and safety, engineering, land development, planning and land use, and utilities. Key consulting tasks included development of a deliverable cost of service model justifying fully-burdened hourly rates and activity/service unit costs, a master fee schedule identifying the maximum fee amount justified, documentation of cost recovery and pricing objectives, and market comparison of all fees.

**CITY OF CALEXICO
PROFESSIONAL SERVICES AGREEMENT**

1. PARTIES AND DATE.

This Agreement is made and entered into this 21st day of September, 2016 by and between the City of Calexico, a municipal corporation organized under the laws of the State of California with its principal place of business at 608 Heber Avenue, Calexico, California 92231 (“City”) and NBS Government Finance Group, a Corporation, with its principal place of business at 32605 Temecula Parkway, Suite 100, Temecula, CA 92592 (“Consultant”). City and Consultant are sometimes individually referred to as “Party” and collectively as “Parties.”

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing Indirect Cost Allocation Study services to public clients, is licensed in the State of California, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such services for the Calexico 2016 Indirect Cost Allocation Study (“Project”) as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional Indirect Cost Allocation Study consulting services necessary for the Project (“Services”). The Services are more particularly described in Exhibit “A” attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules, and regulations.

3.1.2 Term. The term of this Agreement shall become effective as provided herein and shall remain in effect until terminated as provided herein. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules

and deadlines. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the Services.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, City shall respond to Consultant's submittals in a timely manner. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of City.

3.2.4 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the City, or who are determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the City. The key personnel for performance of this Agreement are as follows: Greta Davis, Associate Director of Financial Consulting.

3.2.5 City's Representative. The City hereby designates the City Manager, or his or her designee, to act as its representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than the City's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates Nicole Kissam, Project Director, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a City Business License, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.8.1 Period of Performance. Consultant shall perform and complete all Services under this Agreement within the term set forth in Section 3.1.2 above ("Performance Time"). Consultant shall also perform the Services in strict accordance with any completion schedule or Project milestones described in Exhibits "A" or "B" attached hereto, or which may be separately agreed upon in writing by the City and Consultant ("Performance Milestones"). Consultant agrees that if the Services are not completed within the aforementioned Performance Time and/or pursuant to any such Project Milestones developed pursuant to provisions of this Agreement, it is understood, acknowledged and agreed that the City will suffer damage.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the City, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold City, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the City that the subconsultant has secured all insurance required under this section.

3.2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subconsultants. Consultant shall also require all of its subconsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability:* Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability:* Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability:* Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability:* \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used including, but not limited to, form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability:* \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability:* Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

3.2.10.3 Professional Liability. Consultant shall procure and maintain, and require its sub-consultants to procure and maintain, for a period of five (5) years

following completion of the Project, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate and shall be endorsed to include contractual liability.

3.2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by the City to add the following provisions to the insurance policies:

(A) General Liability. The general liability policy shall be endorsed to state that: (1) the City, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the City, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) the City, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects the City, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the City, its directors, officials, officers, employees, agents, and volunteers.

3.2.10.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the City, its directors, officials, officers, employees, agents, and volunteers.

3.2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. Consultant shall guarantee that, at the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its directors, officials, officers, employees, agents, and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

3.2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the City.

3.2.10.8 Verification of Coverage. Consultant shall furnish City with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the City if requested. All certificates and endorsements must be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.10.9 Reporting of Claims. Consultant shall report to the City, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed 14,940.00 without written approval of City's City Manager. Compensation for attendance at a City Council meeting shall not exceed \$1,520 per meeting when requested in writing by the City Manager. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to City a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City.

3.3.4 Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from City's Representative.

3.3.5 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 1600, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. City shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. Consultant shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. City may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by

giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to City, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant:

NBS Government Finance Group
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Attn: Nicole Kassam, Project Director

City:

City of Calexico
608 Heber Avenue
Calexico, CA 92231
Attn: City Manager

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license

for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.5 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.6 Indemnification. Consultant shall defend, indemnify and hold the City, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged acts, omissions or willful misconduct of Consultant, its officials, officers, employees, agents, consultants, and contractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and attorneys fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against City, its directors, officials, officers, employees, agents, or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against City or its directors, officials, officers, employees, agents, or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse City and its directors, officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be

restricted to insurance proceeds, if any, received by the City, its directors, officials officers, employees, agents, or volunteers.

3.5.7 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Imperial County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.10 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.5.12 Assignment or Transfer. Consultant shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

3.5.14 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subconsultants to file, a Statement of Economic Interest with the City's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.19 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6 Subcontracting.

3.6.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

CITY OF CALEXICO

NBS GOVERNMENT FINANCE GROUP

By: _____
Armando G. Villa
City Manager

By: _____
Michael Rentner
President & CEO

Attest:

City Clerk

Attest:

Approved as to Form:

City Attorney

EXHIBIT "A"

SCOPE OF SERVICES

[**INSERT SCOPE**]

3. WORK PLAN

WORK PLAN: INDIRECT COST ALLOCATION STUDY

The following detailed work plan for the Cost Allocation Plan includes two deliverable versions of the Plan:

- 1) A Full Cost Allocation Plan which includes more inclusive costs in the basis of overhead allocations. This version of the Plan is typically targeted for use in an agency's annual budget, reimbursement from enterprise and special revenue funds, and for inclusion in calculation of the full cost of providing user fee services.
- 2) A version of the Cost Allocation Plan which complies with the requirements and guidelines of *Title 2, Code of Federal Regulations, Part 225, Cost Principles for State, Local, and Indian Tribal Governments* (formerly known as OMB A-87). This version of the Plan is more restrictive in the types of costs included in the basis of overhead allocations.

TASK 1: PRELIMINARY DATA COLLECTION

The purpose of this task is to initiate the project on solid footing and establish common understanding. NBS will gather and review published City information and readily-available data and issue a comprehensive data request to City staff, to include items such as detailed revenue and expense budgets for the current and last completed fiscal year, any timekeeping data currently recorded by City staff, and any relevant volume/activity statistics currently tracked by the City. (The latter two items will be requested in a more refined basis after project commencement and staff interviews are conducted.)

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> • List of basic data requirements for the Study • Kick-off presentation to appropriate staff • On-site initial meeting with executive staff to review goals, objectives, and project management plans 	2
City Activity Requirements	
<ul style="list-style-type: none"> • Basic data requirements for the Study as listed by NBS (staffing, salary, budget, etc.) • Attendance at kick-off presentation and initial Executive staff meeting • Designate City's project management representative (minimal involvement) 	2 hours for the Finance Department, and approximately 1 hour for each attendee of the kick off presentation and executive staff meeting.

TASK 2: PROJECT COMMENCEMENT AND ORGANIZATIONAL REVIEW

NBS will identify an initial list of indirect cost centers and recipients, which typically include, but is not limited to the following City Departments: City Council, City Manager, City Clerk, City Attorney, Finance,

Human Resources, Administrative Services, and Building or Facilities maintenance. In one series of on-site meetings:

- Meet with a gathering of participating City staff (e.g., Finance personnel) to kick-off the project, discuss initial ideas regarding cost allocation, and prepare for subsequent analytical review efforts.
- Conduct individual meetings with each indirect cost center to examine further the City's current organizational and financial structure, and identify functional service levels in which to summarize indirect costs.
- Discuss with City staff the recommended cost allocation detail and corresponding bases for apportioning costs City-wide. This step will include specific discussions regarding those support services which fluctuate to determine the most appropriate allocation basis with the goal to reduce the variance from year to year.

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> • Review and analyze the organizational structure and financial format to prepare the plan model • Staff structure review/interviews 	12
City Activity Requirements	
<ul style="list-style-type: none"> • Provide consultant with data as requested • Attendance at interviews (if needed) 	Approximately 2 hours for each administrative department involved in the Study

TASK 3: DATA COLLECTION

With City staff buy-in and cooperation, embark on data collection to develop sets of information to be used as factors for cost allocation. (The study will seek to primarily use data sets already maintained for other purposes in order to minimize ongoing labor burdens in maintaining future cost allocations; however, new data sets may be developed where warranted.)

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> • Data collection for the structure, functions, costs, and allocation basis needed to complete the first draft of the Plan 	20
City Activity Requirements	
<ul style="list-style-type: none"> • Review and discussion of consultant's initial interpretation of the data • Provide consultant with data as requested 	Approximately 1 to 2 hours of support from finance

TASK 4: COST ALLOCATION MODEL DEVELOPMENT

Work with City staff to discuss the identified structure and ensure that the proposed direction will satisfy all City-wide requirements for overhead allocation. Develop an overhead cost allocation model in the Microsoft Excel spreadsheet environment. Reflect the City’s organizational and financial structure and target a user-friendly, sustainable configuration for the City’s future use. Include easily-identifiable and annotated data entry areas, the necessary computations to perform at least two levels and layers (“step-downs”) of cost allocations City-wide, and summary reports identifying total annual costs allocated.

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> Model development; Confirm and clarify any data or staff time allocations in the model 	36
City Activity Requirements	
<ul style="list-style-type: none"> Review and provide requests for changes or points of discussion to the consultant 	Approximately 1 hour for each administrative department involved in the Study

TASK 5: DERIVATION OF OUTCOMES – FULL COST ALLOCATION PLAN

Compile associated costs and make any necessary adjustments to costs to ensure capture only of relevant support services costs. Input cost and allocation factor data into the overhead cost allocation model, and complete the functionality of the plan. Generate annual allocated costs by budget unit and fund. Meet with City staff via teleconference once during this process to review interim analysis/progress. Collect input and one-round of revisions to the draft plan results.

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> One to two rounds of revisions to finalize the Cost Allocation plan Copies of the Final Cost Allocation Plan and electronic version of the analytical model, as well as a Final narrative report that explains the analysis Discussion and advice on implementation and uses of the Plan 	8
City Activity Requirements	
<ul style="list-style-type: none"> Review and approve final Cost Allocation Plan 	Approximately 1 hour for each administrative department involved in the Study-Review; On-site training for all department staff throughout project

TASK 6: COST ALLOCATION PLAN DOCUMENTATION AND PRESENTATION OF OUTCOMES

Prepare a draft report documenting the Full Cost Allocation Plan. The report includes an Executive Summary, citation of data sources and key analytical assumptions, illustration of analytical methods; presentation of findings; narrative descriptions complying with the standards of OMB A-87; and, technical

appendix showing the analysis and any relevant data sources. Participate in the presentation of the draft plan to the City's management group or project management team, collect input, and make one round of revisions to the draft report. Provide the City with ten bound and one unbound copy, along with PDF electronic copies of the final report and related summary schedules and cost documentation in excel.

Estimated Timeline (Hours)	
NBS Project Deliverables	
<ul style="list-style-type: none"> • Delivery and discussion of the Draft Cost Allocation Plan • Draft narrative report that explains the analysis • 10 Copies of the Final Cost Allocation Plan and electronic PDF version of the Final Report; related summary schedules and cost documentation in excel • Discussion and advice on implementation and uses of the Plan 	10
City Activity Requirements	
<ul style="list-style-type: none"> • Review and provide requests for changes or points of discussion to the consultant 	Approximately 1-2 hours for each administrative department involved in the Study

OPTIONAL CAP TASK 7: OMB VERSION COST ALLOCATION PLAN

Prepare an OMB Version - Cost Allocation Plan. Make any necessary adjustments to the final version of the Full Cost Allocation Plan's structure, expenditure data, or allocation factor data to ensure compliance with CFRm Title 2, Part 200 guidelines. Review Plan results with City staff. Collect input and one round of revisions to the draft plan and rate results. Note this task assumes no change in fiscal year expenditure data from the Full Cost Allocation Plan.

CLIENT SATISFACTION

The plan outlined in the previous sections provides a chance for City Management to review, ask questions, provide comments and feedback at the draft results phase as well as the final report phase. This provides an opportunity for adjustment to the final results to ensure satisfaction with the project results.

We feel that this high level of project management offered by our team of experts, including detailed work plans, quality control measures, efforts to minimize project impacts on City staff combined with the draft and final review process, provides effective measures for our proven track record of client satisfaction. We believe the above points are critical success factors for any consulting engagement.

EXHIBIT "B"

SCHEDULE OF SERVICES

6. SCHEDULE

A study of this nature typically requires two to three months to complete a Final Report. This is a reasonable timeline allowing for quality data submittals to be accomplished by City staff amongst competing priorities.

NBS would be available to begin this project on or around September 27, 2016, per the RFP. The following provides a typical timeline for the City's review:

Exhibit C. Project Timeline

TASK	WEEK											
	1	2	3	4	5	6	7	8	9	10	11	12
Overhead Cost Allocation Plan												
Commencement Data Collection												
Cost Allocation Model Development												
Derivation of Outcome												

Upon project commencement, a schedule and task plan will be developed for mutual acceptance by the City and consultants. It is important that the consultants and City project management work closely together to determine a reasonable schedule that balances the preferred date for project completion with City staff's existing workload and priorities. During the data collection tasks of proposed Work Plan, NBS will proactively remind of agreed upon submittal dates, and strive to process submittals quickly to keep the project moving forward.

CITY STAFF RESPONSIBILITIES

NBS plans to work closely with City staff in conducting this study. To that end, we assume that City staff will provide the following:

- **Data as Requested** – This includes financial data such as current and projected budgets, detailed operating costs, capital improvements plans (types of projects, costs and timing), and related data.
- **Summary of City Policies** – Particularly policies, whether written or assumed.
- **Coordination and Attendance of Meetings** – While NBS will work with City staff to schedule meetings and presentations, we would expect City staff to coordinate internal schedules to ensure that appropriate staff members will attend meetings as needed.
- **Provide Study Direction and Guidance** – As we develop and propose alternative financial and rate design scenarios, we will expect City staff to provide direction and decisions on how they would like to study to proceed. We will expect staff to coordinate with City management to ensure alternatives pursued are in line with the City's overall objectives.
- **Coordination of Workshops and Presentations** – Staff will need to coordinate and schedule any meetings and/or presentations with the City Council and/or Financial and Administration Committee as needed.
- **Presentation Materials** – We will assume that any handouts or copies of presentations to the public and/or Board or Committee members for public meetings, workshops, and presentations will be provided by City staff.

EXHIBIT "C"

COMPENSATION

[INSERT RATES & AUTHORIZED REIMBURSABLE EXPENSES**]**

4. PROJECT BUDGET

HOURLY RATES

NBS applied the following hourly rates to derive the overall not-to-exceed pricing for the requested scope of services. NBS' rates are inclusive of all costs associated with professional time, such as travel, document production, and incidentals. The rates will apply for the duration of our contract:

Title	Hourly Rate
Director	\$205
Associate Director	190
Manager	160
Consultant	140
Analyst	120

Exhibit D. Detailed Project Budget by Cost Allocation Work Plan Task

PROJECT COST DETAIL Task Plan	Consultant Labor (Hours)		Grand Totals	
	Project Manager	Analyst	Consultant Labor (Hours)	Consultant Costs (\$)
<i>Hourly Rate</i>	<i>\$190</i>	<i>\$120</i>		
Commencement Data Collection				
A. Gather/analyze data	4.0	-	4.0	\$ 760
B. Identify initial structure	2.0	-	2.0	380
C. Meet with City staff	8.0	-	8.0	1,520
Subtotal	14.0	-	14.0	2,660
Cost Allocation Model Development				
A. Conduct organizational review	2.0	2.0	4.0	620
B. Develop model	8.0	16.0	24.0	3,440
C. Prepare allocation factors	2.0	12.0	14.0	1,820
D. Input data	2.0	12.0	14.0	1,820
Subtotal	14.0	42.0	56.0	7,700
Derivation of Outcomes				
A. General annual allocations	4.0	4.0	8.0	1,240
B. Finalize Deliverable	6.0	4.0	10.0	1,620
Subtotal	10.0	8.0	18.0	2,860
OMB Version				
A. General annual allocations	2.0	4.0	6.0	860
B. Finalize Deliverable	2.0	4.0	6.0	860
Subtotal	4.0	8.0	12.0	1,720
GRAND TOTAL NOT TO EXCEED	38	50	88	14,940

5. COSTS

DETAILED PROJECT BUDGET

NBS proposes a professional fee that is a specific "not to exceed" fixed fee amount of **\$14,940 for the Cost Allocation Plan based on the Scope of Services in the Work Plan, Section 3**. A fixed fee contract amount enables the City to have full disclosure and budget for the project. The project budget provides the detailed time estimates of hours for each task and what is included in each project task.

PUBLIC MEETINGS COSTS

The proposed work plan for this engagement allows the meeting attendance to be customized for each agency based on their needs. We find that nearing the end of a project, clients require flexibility in choosing the number of meetings required for project implementation, or may select for City staff to present to the City Council. The Cost Allocation Plan is not required to be approved by the City Council like the User Fee Resolution. This document is an internal tool that provides the City with the full cost determination should the City decide to recover support costs from Non-General Funds, Enterprise Funds, User Fees, or other agreements. Should the City elect to present the results of the Cost Allocation Plan to the City Council, NBS can provide support for this based on this section. NBS will attend any City Council, subcommittee meeting, community stakeholder or public meeting for an additional fee of **\$1,520 per meeting**. We recommend the City place the appropriate expected budget for meetings in a separate project "contingency" budget, to be used by NBS only upon authorization/request from the City.

INVOICING

NBS invoices on a monthly basis, following recorded consultant time on the project, paralleling our completion of the work. At no time will we invoice for charges in excess of the fee to which the City of Calexico and NBS mutually agree. Should the City specifically request additional services beyond those described in this document, we will discuss those requests and associated costs at that later time and only invoice for additional fees upon separate written authorization from the City.

PROJECT PRICE PROPOSAL

Our professional fees are based on our understanding of the City's needs and the effort we believe is necessary to complete the scope of services/task plan described. We express this honestly and transparently through our price proposal.

Should the proposed project cost noted here fall outside of the City's expectations, please let us know so we can discuss a scope and project fee that are mutually agreeable.