

CONTRACT AGREEMENT
BETWEEN

FINANCIAL CONSULTING SOLUTIONS GROUP, INC.
Redmond Town Center
7525 – 166th Ave. NE, Suite D-215
Redmond, Washington 98052

AND

CITY OF MANZANITA
543 Laneda Avenue
Manzanita, OR 97130

PROJECT: CITY OF MANZANITA FULL COST INDIRECT COST ALLOCATION PLAN

THIS AGREEMENT combines all understandings between the Parties regarding professional services for the Project named above and supersedes all prior proposals, quotations, solicitations, negotiations, representations, agreements or understandings, whether written or oral.

The performance of the professional services herein described and authorized by **City of Manzanita**, as well as payment for such services, shall be in accordance with the terms and conditions presented in this Agreement and the following Sections and Exhibits which are attached and incorporated by reference which, taken together, shall constitute the whole Agreement.

- Section I - Relationship of the Parties**
- Section II - Contract Provisions**
- Exhibit A - Scope of Work and Task Plan**
- Exhibit B - Fee Schedule**

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this 13 day of MARCH, 2020.

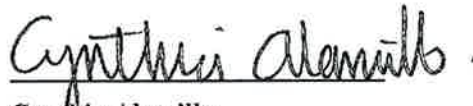
APPROVED:
FINANCIAL CONSULTING SOLUTIONS GROUP, INC.

APPROVED:
CITY OF MANZANITA



Todd Chase
Principal

Date: 3/13/2020



Cynthia Alamillo
City Manager

Date: 03/13/20

ATTEST:


MAYOR

SECTION I: RELATIONSHIP OF THE PARTIES

The **CITY OF MANZANITA** ("Client"), desires to conduct a **FULL COST INDIRECT COST ALLOCATION PLAN** ("Project"). In furtherance of the Project, the Client hereby contracts with **Financial Consulting Solutions Group, Inc.** ("FCS GROUP") to perform the professional services described in Exhibit A of this Agreement. All services shall be performed under the joint supervision of the Client's Representative, **Cynthia Alamillo**, or a designee or designees identified in writing to FCS GROUP by the Client's Representative.

This Agreement shall inure to the benefit of and be binding upon successors, assigns, and legal representatives of each of the Parties hereto. Any assignment or transfer of an interest in this Agreement by either Party without the written consent of the other shall be void.

SECTION II: CONTRACT PROVISIONS

1. Scope of Work: FCS GROUP shall perform the service for the Client which as defined in Exhibit A of this Agreement.

2. Time for Completion: The Scope of Work for the conduct of the study as set forth above is anticipated to be completed by FCS GROUP within a time frame approximating that shown by the following schedule:

Notice to Proceed: On or before March 16, 2020

Completion of Analysis: On or before December 31, 2020

Completion of Project: No later than December 31, 2020.

FCS GROUP agrees to perform the work described in the Scope of Work according to the contract schedule. Any delays shall be agreed upon by FCS GROUP and Client prior to the due date. Changes in the schedule caused by Client delays may require additional compensation and a change order.

If FCS GROUP is delayed in the performance of services by conditions which are beyond their control, or by a change in the scope of work, the schedule showing time of performance may be revised. Any revision thereto shall be submitted in writing to the Client for review and approval by the Client Representative. If FCS GROUP's services are temporarily suspended by the Client in the interest of the Project and with written notice to FCS GROUP, and the suspensions last longer than 90 consecutive days, FCS GROUP shall be compensated for any additional labor and direct expenses incurred due to the interruption and resumption of services.

3. Payment: FCS GROUP will be paid by the Client on a time and materials basis as outlined below and in accordance with the standard billing rates attached hereto as Exhibit B. Direct expenses will be charged as identified in Exhibit B. FCS GROUP agrees to perform the services as set forth in Exhibit A at a cost not to exceed **\$22,610 (twenty two thousand six hundred and ten dollars)**. It is understood that FCS GROUP will not exceed this amount without the Client's prior written authorization.

Payment to FCS GROUP for services set forth in Exhibit A shall be: an amount equal to FCS GROUP's standard billing rates as set forth in Exhibit B multiplied by the actual hours worked. Should any unforeseen project delays, not caused by FCS GROUP, and/or any requested amendments to the original scope of work, cause this contract to extend more than 90 days past the original contracted schedule date, any work and/or amendments to the work shall be billed at the standard billing rates in effect for the period of time the work is being performed. If said change in billing rates will cause the project to exceed the amount stated in the preceding paragraph, a change order will be prepared and signed by both parties.

FCS GROUP will invoice Client monthly and payment shall be made within 30 days of receipt of invoice.

4. Supplemental Agreements: Supplemental Agreements may be entered into upon mutual written agreement that would increase or decrease the scope and associated costs and payment.

5. Work to be Accomplished: All work accomplished will be performed under the direction of the Client Representative or his/her Designee.

6. Termination: This contract may be terminated by the Client by giving FCS GROUP written notice of such termination no fewer than fifteen (15) days in advance of the effective date of said termination. FCS GROUP shall be entitled to terminate this agreement only in the case of a material breach by the Client, and upon failure of the Client to remedy said breach within fifteen (15) days of said notice. In the event that the contract is terminated before completion, FCS GROUP shall be paid for the services to date on the basis set forth in Paragraph 3, plus 10% of the total compensation earned to time of termination to compensate for FCS GROUP's rescheduling adjustments, reassignment of personnel, and related costs incurred due to termination. The Client shall notify FCS of termination or abandonment in writing.

7. Indemnity: FCS GROUP shall comply with all Federal Government, State and local laws and ordinances applicable to the work to be done under this Agreement.

FCS GROUP hereby agrees to hold the Client harmless from and shall process and defend at its own expense, specific claims, demands or suits at law or equity, arising from FCS GROUP's negligent performance of the provisions of this Agreement; provided that if the Client and FCS GROUP are concurrently negligent, FCS GROUP shall be required to indemnify and defend only in proportion to negligence of FCS GROUP. These indemnity provisions shall not require FCS GROUP to defend or indemnify the Client against any action based solely on the alleged negligence of the Client.

8. All Work Produced is Joint Property of FCS GROUP and the Client: The materials, computer programs, reports, calculations, analyses, etc., generated by FCS GROUP under this contract including the final report shall be the joint property of the Client and FCS GROUP. FCS GROUP may retain copies thereof for work paper documentation and their own use unless specifically restricted in writing by the Client as to use.

Computer models use generally available software, such as Microsoft Excel (TM), and FCS GROUP does not intend or imply any warranty of those programs.

9. Financial Forecasts: Neither FCS GROUP's name nor the report and its financial projections may be referred to or included in any prospectus or as a part of any offering or representation made in connection with the sale of securities or participation interests to the public, whether through a public or private offering.

The information used in developing the forecast assumptions will be derived from published information and other sources FCS GROUP considers appropriate. However, FCS GROUP cannot assume responsibility for the accuracy of such material. Moreover, forecasts are subject to many uncertainties as to the future; therefore, FCS GROUP cannot represent that the projected financial statements will be representative of the results that actually occur. FCS GROUP will endeavor to include appropriate comments drawing the readers' attention to these matters.

10. Integrated Agreement: This agreement together with attachments or addenda, represents the entire and integrated agreement between the Client and FCS GROUP supersedes all prior negotiations, representations, or agreements written or oral. This agreement may be amended by written instrument signed by both the Client and FCS GROUP.

11. Independent Contractor: The parties intend that an independent Contractor/Client relationship will be created by this agreement. No agent, employee, or representative of FCS GROUP shall be deemed to be an agent, employee, or representative of the Client for any purpose. FCS GROUP shall be

solely responsible for all acts of its agents, employees, representatives, and subcontractors during the performance of this contract.

12. Equal Opportunity: FCS GROUP is committed to the principles of providing equal employment opportunities for all employees. The performance and diversity of our employees will help us meet the challenges of the present and the future in serving our clients. This policy statement is a reaffirmation of our long-standing commitment to provide equal opportunity on the basis of individual merit and personal qualifications to employees and applicants for employment without regard to race, color, religious creed, sex, sexual orientation or preference, gender identity, genetic characteristics or information of employee or family, age, national origin, ancestry, marital status, citizenship, the presence of sensory, mental, or physical disability, pregnancy/childbirth or related condition, medical condition, membership in the military service, veteran's status, political ideology or any other basis protected by applicable federal, state, or local laws.

13. Notices: Notices to the Client shall be sent to the following address:

City of Manzanita, Oregon
Attention: Cynthia Alamillo, City Manager
543 Laneda Avenue
Manzanita, OR 97130

Notices to FCS GROUP shall be sent to the following address:

Financial Consulting Solutions Group, Inc.
Attention: Todd Chase, Principal
Redmond Town Center
7525 – 166th Ave. NE, Suite D-215
Redmond, Washington 98052

EXHIBIT A: SCOPE OF WORK AND TASK PLAN

**CITY OF MANZANITA, OREGON
2020 INDIRECT COST ALLOCATION PLAN**

Scope of Work

Task 1: Kick-off Meeting

Conduct a kick-off meeting with the City's Project Manager and other key City staff to include discussion of roles and responsibilities, project goals, objectives, and requirements, City policies and practices, uses of the plan, project execution, schedule and key milestones, readily-available data, and subsequent data collection tasks. We will use this meeting to discuss the availability of allocation factors. Allocation factor data represents workload or organizational information that can serve as a basis for allocating indirect expenses to direct service functions. For example, factors could be the number of FTEs, number of invoices processed, number of Council agenda items, etc. We will work collaboratively with the City to determine the most appropriate and readily available factors for each of its direct service functions. The kick-off meeting will be conducted via the interactive screen sharing and conference software, Ring Central.

Task deliverables: We will facilitate one remote meeting to kickoff the study, discuss and confirm the study's objectives, schedule and key milestones/expectations.

Task 2: Data Collection

Provide a request for initial data ahead of the kick-off meeting including expenditures, organizational charts, allocation factor data, and any other reports that might be appropriate. Review initial data and respond with any questions or additional requests.

Task deliverables: We will prepare an initial request for information and will transmit it to the City prior to the kickoff meeting under task 1.

Task 3: Prepare the Full Cost Allocation Model

Prepare an indirect full-cost allocation model so that it meets the needs and requirements of the City. This model will calculate full-cost allocations using a two-step process to calculate the fully loaded costs of indirect service functions prior to allocating costs to direct service functions.

Task deliverables: Utilizing the information from task 2, we will prepare a full cost allocation model for the City.

Task 4: Review Results with City Staff

Meet with staff to review assumptions, data, changes, and updated findings. Collect staff feedback and any updated input data for integration into the final model deliverable. This review meeting will be conducted on-site.

Task deliverables: We will facilitate one meeting on-site to review results with the City, explain the results of the full cost allocation model, and explain how these results can be used as part of the City's budget and daily operations.

Task 5: Prepare Draft and Final Cost Allocation Plans

Prepare draft cost allocation plans identifying overhead cost pools and their allocation factors, allocation amounts, resulting overhead rates, and any other recommendations or issues. Review and incorporate staff feedback to finalize the full cost allocation plan. Provide a PDF electronic copy of the final plan, as well a Word template for use in preparing future plans.

Task deliverables: We will prepare and transmit an electronic copy of the draft written cost allocation plan (in MS-Word format) and cost allocation model (in MS-Excel format) for the City to review and comment. Upon receiving the City's comments (if any), we will finalize and transmit an electronic copy of the final written cost allocation plan (PDF format) and cost allocation model (MS-Excel format).

Task 6 – Presentations

Prepare and facilitate presentations to the City Council and external stakeholders at the outset and at the conclusion of the study. The initial meeting will focus on the purpose of the study, methodology, discuss best practices, and answer questions. The second meeting will be to share results, discuss how the study results address concerns expressed during the initial meeting, and answer questions.

Presentations will include: City Council (two on-site meetings); external stakeholders (We assume the stakeholders will attend the City Council presentation. As a courtesy, we will make ourselves available to meet with and answer questions from interested external stakeholders after the Council presentation).

Task deliverables: We will prepare and facilitate two (2) on-site meetings. These meetings will include one (1) on-site presentations to the City Council at the study outset and one (1) on-site presentation to the City Council at study conclusion. To keep the budget manageable, we assume meetings with the external stakeholders will occur on the same day and immediately following the presentations to the City Council.

Task 7 – Conduct Model Training (Optional)

Once the model is finalized, we will conduct a training session for City staff on model inputs, framework, modeling techniques, and updating the model. Training will be conducted via the interactive screen sharing and conference software, Ring Central.

Task deliverables: We will facilitate one remote training with key City staff on the model. This training will include an overview of the model, model inputs, and model upkeep.

Task 8 – Administration

This task includes all activities related to the administration of the project including project accounting and administration, invoicing, and periodic telephonic check-in meetings with the City’s project team.

Proposed Budget

Task Detail	T.Chase Principal	M.Chaw Manager	L.Slaughterbeck Sr Analyst	Admin Support	Total Hours	Expenses	Budget Estimate (Incl exps)
<i>2020 Hourly Billing Rates</i>	\$275	\$195	\$145	\$95			
Task Plan							
Task 1 Kickoff meeting (remote meeting)	2	2	2	0	6	\$0	\$1,230
Task 2 Data collection	0	2	12	0	14	\$0	\$2,130
Task 3 Prepare full cost allocation model	0	0	8	0	8	\$0	\$1,160
Task 4 Review results with City staff (on-site meeting)	6	8	8	0	22	\$250	\$4,620
Task 5 Prepare draft and final cost allocation plans	1	2	8	0	11	\$0	\$1,825
Task 6 Presentations	0	2	2	0	4	\$0	\$680
City Council (two on-site meetings)	12	16	16	0	44	\$500	\$9,240
External stakeholders (two on-site meetings)	<i>These meetings are a courtesy and will occur immediately following the Council presentations</i>				0	\$0	\$0
Task 7 Conduct model training (optional task)	0	2	2	0	4	\$0	\$680
Task 8 Administration	1	2	0	4	7	\$0	\$1,045
Total Tasks	22	36	58	4	120	\$750	\$22,610

Initial Data Request

Data Need	Description	Status
Financial		
E - 1	Budget	A copy of the 2019-20 budget.
E - 2	2020 Expenditures (Indirect Cost Departments)	PDF downloaded from City Website
E - 3	2020 Expenditures & Revenues	Actual expenditures and revenues for all City Departments and Funds by division.
		Please provide in MS Excel format
Workload/Allocation Data		
W - 1	Workload/Allocation Data	Workload data / allocation factors by department
W - 2	Personnel Allocation Data	Personnel allocation data
Organizational Charts		
O - 1	Master Organizational Chart	Organizational charts displaying the City's organizational structure that includes all departments and divisions.
O - 2	Divisional Organizational Charts	Organizational charts for all indirect service departments or functions, including divisions, employee names, position titles.

EXHIBIT B: FINANCIAL CONSULTING SOLUTIONS GROUP, INC. FEE SCHEDULE

LABOR

<u>Name</u>	<u>Title</u>	<u>Billing Rate</u>
Todd Chase	Principal	\$275.00
Martin Chaw	Senior Project Manager	\$195.00
Luke Slaughterbeck	Senior Analyst	\$145.00
Administration	Administration	\$95.00

DIRECT EXPENSES

Direct Expenses will not be charged for ordinary project-related expenses. For any client-requested extraordinary expenses, specific terms will be established prior to expenditure and billing.