

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 15, 2023

Final Decision Date Deadline: February 15, 2023

**STATEMENT OF THE ISSUE:** Staff members from the Rent Program and the City of Richmond are requesting that the members of the Rent Board and City Council review and approve a contract to develop a Cost Allocation Plan with the Matrix Consulting Group.

## INDICATE APPROPRIATE BODY

- |   |   |  |  |   |
|---|---|--|--|---|
| <input type="checkbox"/> City Council               | <input type="checkbox"/> Redevelopment Agency                             | <input type="checkbox"/> Housing Authority     | <input type="checkbox"/> Surplus Property Authority          | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Standing Committee | <input type="checkbox"/> Local Reuse Authority | <input checked="" type="checkbox"/> Other: <u>Rent Board</u> |   |

## ITEM

- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) |  |  |  |
| <input type="checkbox"/> Public Hearing   | <input type="checkbox"/> Regulation  | <input checked="" type="checkbox"/> Other: <u>CONSENT CALENDAR</u> |  |
| <input type="checkbox"/> Contract/Agreement   | <input type="checkbox"/> Rent Board As Whole                                     |  |  |
| <input type="checkbox"/> Grant Application/Acceptance                                 | <input type="checkbox"/> Claims Filed Against City of Richmond                   |  |  |
| <input type="checkbox"/> Resolution   | <input type="checkbox"/> Video/PowerPoint Presentation (contact KCRT @ 620.6759) |  |  |

**RECOMMENDED ACTION:** APPROVE a contract in the amount of \$17,290 with Matrix Consulting Group to develop a Cost Allocation Plan and to DIRECT staff from the Finance Department and Rent Program to prepare the Full Cost Allocation Plans that adheres to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(l), for a term beginning January 18, 2023, through January 17, 2025. This contract was approved by the City Council at the January 24, 2023, Regular City Council Meeting on Consent (Item O.1.a) - Rent Program). Half of the Contract (\$8,645) will be paid from the City's General Fund and the other half (\$8,645) from the Rent Program Operating Budget (Nicolas Traylor, 510-620-6564) and Finance Department (Shasa Curl/Mubeen Qader 510-412-2077).

AGENDA ITEM NO:

**F-5.**

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# AGENDA REPORT

**DATE:** February 15, 2023  
**TO:** Chair Finlay and Members of the Rent Board  
**FROM:** Nicolas Traylor, Executive Director  
**SUBJECT:** CONTRACT FOR COST ALLOCATION PLAN

## **STATEMENT OF THE ISSUE:**

Staff members from the Rent Program and the City of Richmond are requesting that the members of the Rent Board and City Council review and approve a contract to develop a Cost Allocation Plan with the Matrix Consulting Group.

## **RECOMMENDED ACTION:**

APPROVE a contract in the amount of \$17,290 with Matrix Consulting Group to develop a Cost Allocation Plan and to DIRECT staff from the Finance Department and Rent Program to prepare the Full Cost Allocation Plans that adheres to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(l), for a term beginning January 18, 2023, through January 17, 2025. This contract was approved by the City Council at the January 24, 2023, Regular City Council Meeting on Consent (Item O.1.a) - Rent Program). Half of the Contract (\$8,645) will be paid from the City's General Fund and the other half (\$8,645) from the Rent Program Operating Budget (Nicolas Traylor, 510-620-6564) and Finance Department (Shasa Curl/Mubeen Qader 510-412-2077).

## **FISCAL IMPACT:**

The Matrix Consulting Group proposes to perform the tasks and services associated with developing a Cost Allocation Study and Internal Service Charge Review for a fixed-price not-to-exceed fee of \$17,290. Half of the contract will be paid from the City of Richmond General Fund (01173415-400201 for \$8,645) and the other half from the Rent Program Operating Budget (11850065-400201 for \$8,645).

**DISCUSSION:**

Background

In accordance with Section 11.100.060(l) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, the amount of the Residential Rental Housing Fee will be determined by the City Council after a recommendation by the Rent Board is provided to the City Council. Prior to July 1, the Rent Board is required to hold a public hearing on a proposed budget and adopt an annual budget for the ensuing fiscal year (“FY”).

While developing the FY 2022-2023 Budget and Fee Study for the Rent Board to review, Rent Program staff members examined and analyzed the Fringe Benefits percentage (for Worker’s Compensation), Cost Pool for General Liability Insurance, Administrative Charges, and Civic Center Allocation provided by the City’s Finance Department (Budget). As these charges significantly impact the Residential Rental Housing Fee calculation, Rent Program staff met with the Finance and the Human Resources Department in February 2022 to receive further guidance and clarification of the City-wide Cost Pool allocations and Workers Compensation - Fringe Benefits methodology. Rent Program staff was advised by the Finance Department to anticipate significant increases to the Insurance and Cost Pool budget amounts.

Worker’s Compensation and General Liability Insurance

In late February 2022, the Worker’s Compensation and General Liability Insurance Cost Allocations were provided to the Rent Program. The amounts charged for each allocation was significantly more than the prior year. The Rent Program staff had requested for the methodology, calculation, Actuary Report, and Confidence Level support from Human Resources and Risk Management. The allocation and amounts were expected to be finalized in late May 2022. The Worker’s Compensation and General Liability Insurance Cost Allocation methodology from Risk Management with the supporting Actuary Report required additional research and validation. Rent Program leadership engaged in on-going discussions with the City Attorney’s Office, City Manager, Human Resources, and Finance Department, and agreed to engage a consultant to review the Worker’s Compensation and General Liability Insurance Cost Allocation methodology and charged amounts.

Cost Pool for Administrative Charges

The Finance Department provided the Rent Program the Cost Pool for Administrative Charges derived from a Cost Allocation Plan Report produced by NBS Consulting (“NBS”) in late March 2022. The City’s allocation charged to the Rent Program for Administrative Charges increased considerably from the prior fiscal year. The NBS Cost Allocation Plan Report provided by the City to the Rent Program is a “Title 2 CFR Part 200 Annual Cost Allocation Plan”, not a “Full Cost Allocation Plan”. The NBS “Title 2 CFR Part 200 Annual Cost Allocation Plan” Report is intended to obtain reimbursement

of overhead costs associated with State and Federal grants. A “Full Cost Allocation Plan” would reasonably identify administrative overhead costs to receivers of services within an organization. In May 2022, the Finance Department provided a revised Cost Pool amount for Administrative Charges with an amended Cost Allocation Plan Report produced by NBS. The Rent Program staff had requested for the City to provide a Full Cost Allocation Plan that adheres to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(l).

Rent Program leadership engaged in on-going discussions with the City Attorney’s Office, City Manager, Human Resources, and Finance Department and agreed to hire a consultant to develop a “Full Cost Allocation Plan” for proper Cost Pool charges for Administrative Charges that complies to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(l).

Request for Proposal and Contract

The City of Richmond issued a Request for Proposal (RFP) seeking a qualified firm/consultant to work with the Finance Department and Rent Program staff to prepare Full Cost Allocation Plans that adhere to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(l) (Attachment 1). The City’s goal is to establish and maintain well-documented, defensible, and legally consistent Plans that can be used to recover indirect administrative costs. A Request for Proposal Committee was comprised of staff from the Finance Department, City Manager’s Office, and Rent Program.

The City issued a request for proposal in October 2022 and received bids from four vendors:

- MGT of America Consulting, LLC
- Matrix Consulting Group
- Maximus US Services
- Willdan Financial Services

The City’s four vendor Proposals were reviewed and considered. The Committee completed the assessments and ratings for all four proposals. The proposal submitted by the Matrix Consulting Group (Attachment 2) to perform the tasks and services associated with developing a Cost Allocation Study and Internal Service Charge Review was rated the highest among the four consultants. The Committee is requesting for Members of the Rent Board to review and approve the proposal submitted by the Matrix Consulting Group.

The Decision to award the contract to Matrix Consulting Group was based on the proposal and the costs fitting the scope of the work.

Financial Impact

The Matrix Consulting Group proposes to perform the tasks and services associated with developing a Cost Allocation Study and Internal Service Charge Review for a fixed-

## **ITEM F-5**

price not-to-exceed fee of \$17,290. Half of the contract (\$8,645) will be paid from the City's General Fund and the other half (\$8,645) from the Rent Program Operating Budget.

### **DOCUMENTS ATTACHED:**

Attachment 1- Request for Proposal – Full Cost Allocation Plan

Attachment 2- Contract - Matrix Consulting Group

City of Richmond, California

Request for Proposal

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**CITY OF RICHMOND, CALIFORNIA  
FINANCE DEPARTMENT**

**REQUEST FOR PROPOSALS**

**COST ALLOCATION PLAN**

**PROPOSAL CLOSING DATE: OCTOBER 14, 2022**

**OBJECTIVE**

The City of Richmond is seeking a qualified firm/consultant to work with Finance Department and Richmond Rent Program staff to prepare the Full Cost Allocation Plans that adhere to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(1). It is the City's goal to establish and maintain well-documented, defensible, and legally consistent Plans that can be used to recover indirect administrative costs.

The anticipated term of this contract will be for a period of two (2) years with an option of extending the contract for two (2) additional years upon mutual agreement of both parties. The City requires that the scope of work in this RFP be completed by February 13, 2023.

**SCOPE OF SERVICES**

The consultant will assist the Finance Department in preparing a full cost allocation plan. For purposes of this RFP, a Full Cost Allocation Plan shall mean a Plan which allocates all reasonably identifiable administrative overhead costs to receivers of these services within the organization. All costs, whether acceptable for federal reimbursement purposes or not, are considered in the results of this Plan. Cities typically apply this version of the plan as the internal budgeting tool for establishing overhead support costs at the department level. Additionally, the Full Cost Allocation Plan shall adhere to the requirements set forth below:

**1. Full Cost Allocation Plan:**

- A. Meet with various departmental staff, including Rent Program staff, to conduct interviews as needed to gain an understanding of the City's practices and operations.
- B. Develop a Full Cost Allocation Plan that:
  - Establishes a full cost allocation methodology for specific administrative overhead costs that will properly reimburse the City's General Fund for services provided by administrative departments, to departments and/or funds that receive services from the administration in support of conducting their operations.
  - Allows for additions, revisions, or removal of direct and indirect costs so that the allocation plan can be easily adapted to a range of activities both simple and complex.
  - Provides the ability to continuously update the plan from year to year to accommodate organizational changes.
  - Apply the plan as an internal budgeting tool for establishing overhead support costs at the department level.
  - Adheres to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(1), to gain a full comprehensive understanding of Special Revenue Fund requirements and how allocated costs apply to expenditures for specific purposes.
  - Review and provide a plan for the City's Cost Pool Allocation for General Liability Insurance (Object Number - 400574) that was prepared and

Request for Proposal

provided by the Human Resources Management Department Risk Management Division.

- Review and provide a plan for the City’s Fringe Benefits Allocation for Worker Comp – Clerical and Professional (Object Number – 400121 and 400122) that was prepared and provided by the Human Resources Management Department Risk Management Division.
- C. Assist the Finance Department in presenting the draft Plan to selected City staff and the City Council if needed.
- D. Provide the City with five bound and one unbound copy of the final cost allocation plan; as well as an electronic copy of the final version, including related schedules and cost documentation in Excel format so it can be updated and/or edited by City staff.

**TIMELINE**

The tentative time schedule for completing this project is as follows:

1. Proposal deadline.....October 14, 2022
2. Proposal evaluations.....October 17, 2022
3. Firm/consultantselection.....October 24, 2022
4. Contract joint approval by Rent Board and City Council..... November 15, 2022
5. Start of project.....November 28, 2022
6. Completion of project.....February 13, 2023

**FORMAT OF PROPOSAL AND SELECTION PROCESS**

A selection committee, that is comprised of both City and Rent Program staff, will review all proposals using a specific set of evaluation criteria to determine which firm(s) to select for further consideration. Depending on the qualifications of the consultants and pursuant to the sole determination of the selection committee, the City may elect to conduct a final interview process. To simplify the selection committee review, your proposal shall be limited to a maximum of 15 pages, and your proposal should closely follow the format outlined below:

1. A statement of your firm’s capability to perform the required services and a summary of experience in providing the services on similar projects, including any prior experience conducting cost allocation studies for special revenue funds.
2. Specify key staff members assigned to this project, including a summary of their experience related to the work described in this RFP.
3. A detailed description of the proposed Work Plan for performing the required services, including timeline and a description of activities and deliverables.
4. A fee schedule categorized by staff positions. Include additional charges for sub-consultant’s services and reimbursable expenses.
5. A list of references for similar projects, including names of contact persons and telephone numbers and/or email addresses.

**EVALUATION CRITERIA**

The selection committee will evaluate, and rate proposals based on the following criteria:

Evaluation Criteria	Maximum Points
1. Qualifications <ul style="list-style-type: none"> <li>• Capability to perform the work within the designated time frame;</li> <li>• Description of proposed work plan for performing required services;</li> <li>• Overall quality of statement of qualifications;</li> <li>• Length of time in business.</li> </ul>	35
2. Experience <ul style="list-style-type: none"> <li>• Past experience developing full cost allocation plans;</li> <li>• Past experience developing cost allocation plans that involved rent control jurisdictions and/or other special revenue funds.</li> <li>• Qualifications and experience of key personnel dedicated to performing the scope of work.</li> </ul>	30
3. References <ul style="list-style-type: none"> <li>• References from other agencies for which this type of work was done.</li> </ul>	10
4. Fee Schedule <ul style="list-style-type: none"> <li>• Total cost for completing this project;</li> <li>• Break-down of cost categorized by staff positions;</li> <li>• Inclusion of additional charges for sub-consultant services and reimbursable expenses.</li> </ul>	25
<b>Total Potential Points</b>	<b>100</b>

These items are not listed in order of importance. The selection committee will evaluate proposals on their overall response to the specific needs of this RFP. General information not related to the conditions required in this RFP shall not be included in your proposal. The City may conduct a final interview of the top-ranking firms before the selection committee makes its final selection. The selection committee will recommend to the City Council that a contract be awarded to the highest-rated firm.

**SUBMITTAL OF PROPOSAL**

Electronic Proposals shall be submitted via the City’s secure online bidding system. All required sections of the proposal must be submitted via the website. Contractor is solely responsible for “on time” submission of their electronic proposal. The Bid Management System will not accept late proposals and no exceptions shall be made. Contractors will receive an e-bid confirmation number with a time stamp from the Bid Management System indicating that their bid was submitted successfully. The City will only receive those proposals that were transmitted successfully.

**Proposals will be accepted until 4:30 p.m., Friday October 14, 2022.** Proposals received after the deadline will not be accepted.

**Questions Concerning Request for Proposals**

All questions must be submitted via the electronic BidsOnline system on the Q&A tab by 10:00 am PST, on October 5, 2022. If the City finds it necessary to issue an addendum, prospective Offerors will receive e-mail notification of addendum. Otherwise, answers to questions received will be provided on the Q&A tab and notification will be sent by October 7, 2022.

Interested parties may download copies of the above mentioned proposal by visiting the City’s website, [www.ci.richmond.ca.us/bids](http://www.ci.richmond.ca.us/bids). To download RFP, new vendors will be required to register. Once the prospective Offeror downloads any documents relative to a solicitation, that Offeror’s name will appear on the Prospective Bidders list for that project and will be notified of any addenda issued for this RFP.

The City reserves, at its sole discretion, the following options:

1. To waive any technicalities or immaterial irregularities in the submittals.
2. To prepare and issue such amendments and addenda to the RFP prior to the receipt of the submittals that may change all or any portion of the work.
3. To postpone or change the date for receipt of the submittals or any other deadlines specified in the RFP.
4. To conduct investigations with regard to the information provided by each applicant.
5. To accept or reject any and all submittals in whole or in part.
6. To cancel this RFP process at any time, or to invalidate this RFP and issue a second RFP.

All submittals received to this RFP shall become the property of the City and will not be returned. Subject to California law relating to access to public records, the City may be required to publicly disclose all submitted information and materials to third parties requesting such information.

**Exceptions to this Request for Proposals**

The proposer shall state whether or not it takes exception(s) to this RFP, including but not limited to the City of Richmond’s Standard Services Agreement – RFP (Attachment A). If the proposer does take exception(s) to any portion of the RFP or contract, the specific portion to which exception(s) is taken must be identified by section number and explained. Requests for changes or additions to sections of City of Richmond’s Standard Services Agreement must be shown by requesting deletion of specific words and/or by providing new requested contract language. Requests for complete replacement of the City of Richmond’s Standard Services Agreement for another contract will not be granted. Failure to make exceptions to the RFP or Standard Services Agreement within the proposal will be deemed a waiver of any objection. Exceptions will be considered during the proposal evaluation process.

**Insurance Requirements**

The City of Richmond requires consultants doing business with it to obtain insurance, as shown in this RFP (Attachment B). The required insurance certificates must comply with all requirements of the standards as shown and must be provided within fifteen (15) days of issuance of the Notice of Intent to Award and prior to the commencement of any work on the Project.

**Business Licenses**

The successful Contractor will be required to hold or to obtain a City of Richmond business license for which the fee will not be waived.

**Sanctuary City Contracting Ordinance (SCCO)**

The Richmond Sanctuary City Contracting Ordinance No. 12-18 (Attachment C) prohibits the City from granting and or retaining contracts with any person or entity that provides Data Broker or Extreme Vetting services to the U.S. Immigration and Customs Enforcement Division of the United States Department of Homeland Security (“ICE”). Proposers must submit the attached Sanctuary City Compliance Statement with their Proposal. (Attachment D)

**Limited Liability Company Disclosure Statement (LLCS)**

Resolution No. 86-21 (Attachment E), approved by City Council on July 6, 2021, requires disclosure of the identities of beneficial & responsible owners of Limited Liability Corporations (LLC). Proposers must submit the attached Disclosure Statement of Limited Liability Companies Form with their Proposal (Attachment F).

**ATTACHMENTS**

- Attachment A - Standard Contract (sample)
- Attachment B – Insurance Requirements
- Attachment C – Richmond Sanctuary City Contracting Ordinance
- Attachment D – Sanctuary City Compliance Statement
- Attachment E – Limited Liability Company Resolution
- Attachment F – Limited Liability Disclosure Form

CITY OF RICHMOND  
STANDARD CONTRACT

Department:	Project Manager:
Project Manager E-mail: Mubeen_Qader@ci.richmond.ca.us	Project Manager Phone No: (510) 620-6509
PR No: Vendor No:	P.O./Contract No:
Description of Services: Develop Cost Allocation Plan	

The parties to this STANDARD CONTRACT do mutually agree and promise as follows:

1. Parties. The parties to this Contract are the City of Richmond (herein referred to as the "City") and the following named Contractor:

Company Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Contact Person: Richard Brady

Telephone: (650) 858-0507

Email: rbrady@matrixcg.net

Business License No: \_\_\_\_\_

/ Expiration Date: \_\_\_\_\_

A California  corporation,  limited liability corporation  general partnership,  limited partnership,  individual,  non-profit corporation,  individual dba as [specify:] \_\_\_\_\_,  other [specify:] \_\_\_\_\_

2. Term. The effective date of this Contract is January 18, 2023 and it terminates January 17, 2025 unless terminated as provided herein.
3. Payment Limit. City's total payments to Contractor under this Contract shall not exceed \$ 17,290. City shall not pay for services that exceed the Contract Payment Limit unless a contract amendment has been approved by the City Council or City Manager.
4. Contractor's Obligations. Contractor shall provide those services and carry out that work described in the Service Plan (Exhibit A) which is attached hereto and is incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.
5. City's Obligations. City shall make to the Contractor those payments described in the Payment Provisions (Exhibit B) which are attached hereto and are incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.

- 6. Authorized Representatives and Notices. This Contract is subject to the Authorized Representatives and Notices Provisions (Exhibit C) which are attached hereto and are incorporated herein by reference.
- 7. General Conditions. This Contract is subject to the General Conditions (Exhibit D) which are attached hereto and are incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.
- 8. Special Conditions. This Contract is subject to the Special Conditions (Exhibit E) (if any) which are attached hereto and are incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein. (Note: other than Public Works contracts, the City will agree to Special Conditions only in unusual circumstances.)
- 9. Insurance Provisions. This Contract is subject to the Insurance Provisions (Exhibit F) which are attached hereto and are incorporated herein by reference.
- 10. Signatures. These signatures attest the parties' Contract hereto:

CITY OF RICHMOND  
a municipal corporation

CONTRACTOR:

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

\_\_\_\_\_  
(\* The Corporation Chairperson of the Board, President or Vice President should sign below)

Title:

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

I hereby certify that this Contract has been approved by City Council.

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

By: \_\_\_\_\_  
City Clerk

\_\_\_\_\_  
(\* The Corporation Chief Financial Officer, Secretary or Assistant Secretary should sign below)

Approved as to form:

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

By: \_\_\_\_\_  
City Attorney

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

(NOTE: Pursuant to California Corporations Code Section 313, if Contractor is a corporation or nonprofit organization, this Contract (1) must be signed by (a) the Chairperson of the Board, President or Vice-President and (b) the Secretary any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer.

LIST OF ATTACHMENTS:

- Service Plan
  - Payment Provisions
  - Authorized Representatives and Notices
  - General Conditions
  - Special Conditions
  - Insurance Provisions
- Standard Contract/EJ/TE 9-26-07

- Exhibit A
- Exhibit B
- Exhibit C
- Exhibit D
- Exhibit E
- Exhibit F

**EXHIBIT A**  
**SERVICE PLAN**

Contractor shall, to the satisfaction of the Finance Director, perform the following services and be compensated as outlined below:

Contractor shall perform the services and shall be compensated as set forth in the Matrix Consulting Proposal that are attached hereto and incorporated herein by this reference. If there are any conflicts between the attached proposal and the terms and conditions set forth in this contract and any of its Exhibits, the terms and conditions set forth in this Contract and its Exhibits shall prevail.

**EXHIBIT B**  
**PAYMENT PROVISIONS**

***{PLEASE NOTE THAT THE CITY OF RICHMOND SHALL NOT PAY FOR SERVICES THAT EXCEED THE CONTRACT PAYMENT LIMIT UNLESS A CONTRACT AMENDMENT HAS BEEN APPROVED BY THE CITY COUNCIL OR THE CITY MANAGER}***

1. Provided Contractor is not in default under this Contract, Contractor shall be compensated as provided below.
2. Any and all payments made pursuant to this Contract shall be subject to the Contract Payment Limit. The Payment Limit includes expenses (phones, photo copying, meals and travel etc). Invoices, shall be adequately detailed, based on accurate records, and be in a form reasonably satisfactory to the City. Contractor may be required to provide back-up material upon request.
3. Contractor shall submit timely invoices to the following address:  
  
Attention: City of Richmond, Finance Department - Accounts Payable  
Project Manager: \_\_\_\_\_ Department: \_\_\_\_\_  
PO Box 4046  
Richmond, CA 94804-0046
4. All invoices that are submitted by Contractor shall be subject to the approval of the City's Project Manager, \_\_\_\_\_ before payments shall be authorized.
5. The City will pay invoice(s) within 45 days after completion of services to the City's satisfaction. The City shall not pay late fees or interest.
6. A Richmond business license shall be obtained before any payment under this Contract shall be authorized and the business license must be kept current during the term of this Contract for payments to continue to be authorized.
7. All insurance coverage required by this Contract shall be provided by the Contractor before this Contract shall be executed by the City. The insurance coverage must be kept current during the term of this Contract for payments to continue to be authorized.

**EXHIBIT C**  
**AUTHORIZED REPRESENTATIVES AND NOTICES**

1. Notices. All notices, demands, statements, or communications provided for by this Contract shall be in writing and may be delivered by deposit in the United States mail, postage prepaid. Notices to the City shall be addressed to the Department Head and (as delineated below in section 1.1) to the project manager responsible for the administration of or the supervision of the scope of work under this Contract. Notices to the Contractor shall be addressed to the party designated by Contractor (as delineated below in section 1.2). Notice shall be deemed delivered (a) upon personal delivery; (b) as of the fifth business day after mailing by United States certified mail, postage prepaid, addressed to the proper party; or (c) as of 12:00 p.m. on the second business day immediately after the day it is deposited with and accepted by Federal Express, or a similar overnight courier service, addressed to the proper party and marked for next business day morning delivery. For the purposes of this Contract, a "business day" means any day Monday through Friday that is not a holiday recognized by the federal government or the State of California.

1. 1 CITY hereby designates as its Authorized Representative the Project Manager whose name and address are as follows:

\_\_\_\_\_  
City of Richmond

\_\_\_\_\_  
450 Civic Center Plaza, Attn: Finance Dept.

\_\_\_\_\_  
Richmond, CA 94804-0046

1. 2 CONTRACTOR hereby designates as its Authorized Representative the Project Manager whose name and address are as follows:

Richard Brady

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT D  
GENERAL CONDITIONS**

1. Independent Contractor. Contractor acknowledges, represents and warrants that Contractor is not a regular or temporary employee, joint venturer or partner of the City, but rather an independent Contractor. This Contract shall not be construed to create an agency, servant, employee, partnership, or joint venture relationship. As an independent Contractor, Contractor shall have no authority to bind City to any obligation or to act as City's agent except as expressly provided herein. Due to the independent Contractor relationship created by this Contract, City shall not withhold state or federal income taxes, the reporting of which shall be Contractor's sole responsibility.
2. Brokers. Contractor acknowledges, represents and warrants that Contractor has not hired, retained or agreed to pay any entity or person any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
3. City Property. The rights to applicable plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials prepared for or obtained pursuant to this Contract, which, upon request, are to be delivered to City within a reasonable time, shall be deemed assigned to City. If applicable, Contractor shall prepare check prints upon request. Notwithstanding the foregoing, Contractor shall not be obligated to provide to City proprietary software or data which Contractor has developed or had developed for Contractor's own use; provided, however, that Contractor shall, pursuant to Section 15 below, indemnify, defend and hold harmless City from and against any discovery or Public Records Act request seeking the disclosure of such proprietary software or data.
4. Patents, Trademarks, Copyrights and Rights in Data. Contractor shall not publish or transfer any materials, discoveries, developments, concepts, designs, ideas, know how, improvements, inventions and/or original works of authorship resulting from activities supported by this Contract without the express prior written consent of the City Manager. If anything resulting from activities supported by this Contract is patentable, trademarkable, copyrightable or otherwise legally protectable, City reserves the exclusive right to seek such intellectual property rights. Notwithstanding the foregoing, Contractor may, after receiving City's prior written consent, seek patent, trademark, copyright or other intellectual property rights on anything resulting from activities supported by this Contract. However, City reserves, and Contractor irrevocably grants, a nonexclusive, fully paid-up, royalty-free, assumable, perpetual, worldwide license, with the right to transfer, sublicense, practice and exploit said license and the right to make, have made, copy, modify, make derivative works of, use, sell,

import, and otherwise distribute under all applicable intellectual properties without restriction of any kind said license.

Contractor further agrees to assist City, at City's expense, in every proper way to secure the City's rights in any patents, trademarks, copyrights or other intellectual property rights relating thereto, including the disclosure to City of all pertinent information and data with respect thereto. Contractor shall also assist City in the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments which City shall deem necessary in order to apply for, obtain, maintain and transfer such rights, or if not transferable, to waive such rights. Contractor shall further assist City in the execution of all applications, specifications, oaths, assignments, recordations and all other instruments which City shall deem necessary in order to assign and convey to City, and any assigns and nominees the sole and exclusive right, title and interest in and to any patents, trademarks, copyrights or other intellectual property rights relating thereto. Contractor further agrees that its obligation to execute or cause to be executed, when it is in Contractor's power to do so, any such instruments or papers shall continue during and at all times after the end of Contractor's services and until the expiration of the last such intellectual property right. Contractor hereby irrevocably designates and appoints City, and its duly authorized officers, agents and servants, as its agent and attorney-in-fact, to act for and in its behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance or transfer of letters of patents, copyright and other registrations. This power of attorney is coupled with an interest and shall not be affected by Contractor's subsequent incapacity.

5. Inspection. Contractor's performance, place of business and records pertaining to this Contract are subject to monitoring, inspection, review and audit by authorized representatives of the CITY, the State of California, and the United States Government.

If the project or services set forth in Exhibit A shall be performed on City or other public property, City shall have the right to inspect such work without notice. If such project or services shall not be performed on City or other public property, City shall have the right to inspect such work upon reasonable notice.

6. Services. The project or services set forth in Exhibit A shall be performed to the full satisfaction and approval of City. In the event that the project or services set forth in Exhibit A are also itemized by price, City, in its sole discretion, may, upon notice to Contractor, delete certain items or services set forth in Exhibit A, in which case there shall be a corresponding reduction in the amount of compensation paid to Contractor.

Contractor shall, at its own cost and expense, furnish all facilities and equipment necessary for Contractor to complete the project or perform the services required herein, unless otherwise provided in Exhibit A.

7. Records. Contractor shall keep and make available for inspection and copying by authorized representatives of the City, the State of California, and the United States Government, the Contractor's regular business records and such additional records pertaining to this Contract as may be required by the City.

Contractor shall retain all documents pertaining to this Contract for a period of five (5) years after this Contract's termination (or for any further period that is required by law) and until all Federal or State audits are complete and exceptions resolved for this contract's funding period. Upon request, CONTRACTOR shall make these records available to authorized representatives of the CITY, the State of California, and the United States Government.

Contractor shall keep full and detailed accounts, maintain records, and exercise such controls as may be necessary for proper financial management under this Contract. The Contractor's accounting and control systems shall be satisfactory to City. Contractor's accounting systems shall conform to generally accepted accounting principles and all records shall provide a breakdown of total costs charged under this Contract, including properly executed payrolls, time records, utility bills, invoices and vouchers. The City shall be afforded prompt access to Contractor's records, books, and Contractor shall preserve such project records for a period of at least five (5) years after the termination of this Contract, or for such longer period as may be required by law.

Contractor shall permit City and its authorized representatives and accountants to inspect, examine and copy Contractor's books, records, accounts, correspondence, instructions, drawings, receipts, subcontracts, purchase orders, vouchers, memoranda and other data relating to the project or services set forth in Exhibit A, and any and all data relevant to this Contract at any reasonable time for the purpose of auditing and verifying statements, invoices, or bills submitted by Contractor pursuant to this Contract and shall provide such assistance as may be reasonably required in the course of such inspection. Contractor shall also allow City access to the record keeping and accounting personnel of Contractor. City further reserves the right to examine and re-examine said books, records, accounts, and data during the five (5) year period following the termination of this Contract; and Contractor shall in no event dispose of, destroy, alter, or mutilate said books, records, accounts, and data in any manner whatever for five (5) years after the termination of this Contract.

Pursuant to California Government Code § 10527, the parties to this Contract shall be subject to the examination and audit of representatives of the Auditor General of the State of California for a period of three (3) years after final payment under this Contract. The examination and audit shall be confined to those matters connected with the performance of this Contract including, but not limited to, the cost of administering this Contract.

8. Changes and Extra Work. All changes and/or extra work under this Contract shall be performed and paid for in accordance with the following:

Only the City Council or the City Manager may authorize extra and/or changed work. Contractor expressly recognizes that other City personnel are without authorization to either order extra and/or changed work or waive contract requirements. Failure of Contractor to secure the authorization for such extra and/or changed work shall constitute a waiver of any and all right to adjustment in contract price due to such unauthorized work and Contractor thereafter shall be entitled to no compensation whatsoever for performance of such extra and/or changed work.

If Contractor is of the opinion that any work which Contractor has been directed to perform is beyond the scope of this Contract and constitutes extra work, Contractor shall promptly notify City of the fact. The City shall make a determination as to whether or not such work is, in fact, beyond the scope of this Contract and constitutes extra work. In the event that City determines that such work does constitute extra work, City shall provide extra compensation to Contractor on a fair and equitable basis. A change order or Contract Amendment providing for such compensation for extra work shall be negotiated between City and Contractor and executed by Contractor and the appropriate City official.

In the event City determines that such work does not constitute extra work, Contractor shall not be paid extra compensation above that provided herein and if such determination is made by City staff, said determination may be appealed to the City Council; provided, however, a written appeal must be submitted to the City Manager within five (5) days after the staff's determination is sent to Contractor. Said written appeal shall include a description of each and every ground upon which Contractor challenges the staff's determination.

9. Additional Assistance. If this Contract requires Contractor to prepare plans and specifications, Contractor shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Contractor shall issue

any necessary addenda to the plans and specifications as requested. In the event Contractor is of the opinion that City's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of Section 8 of these General Conditions.

10. Professional Ability. Contractor acknowledges, represents and warrants that Contractor and its employees are skilled and able to competently provide the services hereunder, and possess all professional licenses, certifications, and approvals necessary to engage in their occupations. City has relied upon the professional ability and training of Contractor as a material inducement to enter into this Contract. Contractor shall perform in accordance with generally accepted professional practices and standards of Contractor's profession. In the event that City, in its sole discretion, desires the removal of any person employed or retained by Contractor to perform services hereunder, such person shall be removed immediately upon receiving notice from City.
11. Business License. Contractor shall obtain a Richmond Business License before performing any services required under this Contract. The failure to so obtain such license shall be a material breach of this Contract and grounds for immediate termination by City; provided, however, that City may waive the business license requirement in writing under unusual or extraordinary circumstances without necessitating any modification of this Contract to reflect such waiver.
12. Termination Without Default. Notwithstanding any provision herein to the contrary, City may, in its sole and absolute discretion and without cause, terminate this Contract at any time prior to completion by Contractor of the project or services hereunder, immediately upon written notice to Contractor. Contractor may terminate this Contract at any time in its sole and absolute discretion and without cause upon 30 days' written notice to City. In the event of termination by either party, Contractor shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; (2) necessary materials or services of others ordered by Contractor for this Contract, prior to receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, provided that Contractor is not able to cancel such orders. Compensation for Contractor in such event shall be determined by City in accordance with the percentage of the project or services completed by Contractor; and all of Contractor's finished or unfinished work product through the time of the City's last payment shall be transferred and assigned to City. Additionally, in the event of such termination, the City may proceed with the work in any reasonable manner it chooses.

13. Termination in the Event of Default. Should Contractor fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise violate any of the terms of this Contract, City may immediately terminate this Contract by giving written notice of such termination, stating the reasons for such termination. Contractor shall be compensated as provided in Section 12 of these General Conditions; provided, however, there shall be deducted from such amount the amount of damage, including attorney's fees, expert witness fees and costs, if any, sustained by City by virtue of Contractor's breach of this Contract. Additionally, in the event of such termination, the City may proceed with the work in any reasonable manner it chooses.
14. Conflict of Interest. Contractor acknowledges, represents and warrants that Contractor shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Contract. Contractor further acknowledges, represents and warrants that no City official or employee has any economic interest, as defined in Title 2, California Code of Regulations §§ 18703.1 through 18703.5, with Contractor that would invalidate this Contract. Contractor acknowledges that in the event that Contractor shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Contract, all consideration received under this Contract shall be forfeited and returned to City forthwith. This provision shall survive the termination of this Contract for one (1) year.
15. Indemnification.
- (a) If this Contract is a contract for design professional services subject to California Civil Code Section 2782.8(a) and Contractor is a design professional, as defined in California Civil Code Section 2782.8(b)(2), Contractor shall hold harmless, defend and indemnify the City, its officers, agents, employees, and volunteers from and against any and all claims, damages, losses, and expenses including attorneys' fees arising out of, or pertaining to, or relating to the negligence, recklessness, or willful misconduct of the Contractor, except where caused by the active negligence, sole negligence, or willful misconduct of the City. To the fullest extent permitted by law, Contractor shall immediately defend and indemnify the City and its officers, agents, employees, and volunteers from and against any and all liabilities, regardless of nature or type, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Contractor, or its employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation, any and all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. Contractor's obligation to

- indemnify applies unless it is finally adjudicated that the liability was caused by the sole active negligence or sole willful misconduct of an indemnified party.
- (b) If this Contract is not a contract for design professional services subject to California Civil Code Section 2782.8(a) or Contractor is not a design professional as defined in California Civil Code Section 2782.8(b)(2), Contractor shall indemnify, defend, and hold harmless the City, its officers, agents, employees and volunteers from any and all claims, suits, or actions of every name, kind and description, brought forth on account of injuries to or death of any person or damage to property arising from or connected with the willful misconduct, negligent acts, errors or omissions, ultra-hazardous activities, activities giving rise to strict liability, or defects in design by Contractor or any person directly or indirectly employed by, or acting as, the agent for Contractor in the performance of this Contract, including the concurrent or successive passive negligence of the City, its officers, agents, employees or volunteers.
  - (c) It is understood that the duty of Contractor to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Contractor shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the City, the City and its officers, agents, employees, and volunteers, immediately upon tender to Contractor of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination that persons other than Contractor are responsible for the claim does not relieve Contractor from its separate and distinct obligation to defend under this Section 15. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent counsel if Contractor asserts that liability is caused in whole, or in part, by the negligence or willful misconduct of an indemnified party.
  - (d) The review, acceptance or approval of the Contractor's work or work product by any indemnified party shall not affect, relieve or reduce the Contractor's indemnification or defense obligations. This Section 15 survives completion of the services or the termination of this Contract. The provisions of this Section 15 are not limited by, and do not affect, the provisions of this Contract relating to insurance.
  - (e) Acceptance of insurance certificates and endorsements required under this Contract does not relieve Contractor from liability under this Section 15. This Section 15 shall apply whether or not such insurance policies are determined to be applicable to any such damages or claims for damages.
16. Safety. Contractor acknowledges that the City is committed to the highest standards of workplace safety. Contractor shall perform all work hereunder in full compliance with applicable local, state and federal safety requirements including but not limited to Occupational Safety and Health Administration requirements, and shall assume sole and complete

responsibility for the safety of Contractor's employees and any subContractor's employees. If a death, serious personal injury or substantial property damage occurs in connection with the performance of this Contract, Contractor shall immediately notify the City by telephone.

17. Insurance. Insurance requirements are set forth in Exhibit F to this Contract. Contractor shall abide by the insurance requirements set forth in said Exhibit F.
18. Non-Liability of Officials and Employees of the City. No official or employee of the City shall be personally liable for any default or liability under this Contract.
19. Compliance with Laws. Contractor shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Contract, including without limitation environmental laws, employment discrimination laws and prevailing wage laws. Compliance under this provision includes compliance with all provisions of the Richmond Municipal Code ("Municipal Code"), including Chapters 2.50, 2.52, 2.56, and 2.60, if applicable.

Contractor acknowledges that under § 2.60.070 of the Municipal Code ("Living Wage Ordinance"), Contractor shall promptly provide to City documents and information verifying its compliance with the Living Wage Ordinance. Also as prescribed in § 2.60.070, Contractor shall notify each of its affected employees with regards to the wages that are required to be paid pursuant to the Living Wage Ordinance.

Contractor shall comply with § 2.28.030 of the Municipal Code, obligating every Contractor or subcontractor under a contract or subcontract with the City for public work or for goods or for services to refrain from discriminatory employment or subcontracting practices on the basis of race, color, sex, sexual orientation, religious creed, national origin or ancestry of any employee, any applicant for employment or any potential subcontractor.

Contractor acknowledges that the City's Drug Free Workplace Policy, Violence in the Workplace Policy and the Policy Against Workplace Harassment, are available on the City's website at <http://www.ci.richmond.ca.us/workplacepolicies> . Contractor agrees to abide by the terms and conditions of said policies.

20. Limitations upon Subcontracting and Assignment. This Contract binds the heirs, successors, assigns and representatives of Contractor. The Contractor shall not enter into subcontracts for any work contemplated

under this Contract and shall not assign this Contract, nor any portion hereof or monies due or to become due, without the prior written consent of the City Council or its designee.

Contractor acknowledges that the services which Contractor shall provide under this Contract are unique, personal services which, except as otherwise provided herein, Contractor shall not assign or sublet to any other party without the prior written approval of City, which approval may be withheld in City's sole and absolute discretion. In the event that City, in writing, approves any assignment or subletting of this Contract or the retention of subcontractors by Contractor, Contractor shall provide to City upon request copies of each and every subcontract contract prior to the execution thereof by Contractor and subcontractor. Any assignment by Contractor of any or all of its rights under this Contract without first obtaining City's prior written consent shall be a default under this Contract.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Contractor (if applicable), or of the interest of any general partner or joint venturer or syndicate member if Contractor is a partnership or joint-venture or syndicate, which shall result in a change of control of Contractor, shall be deemed an assignment. For this purpose, control shall mean fifty percent or more of the voting power or twenty-five percent or more of the assets of the corporation, partnership or joint-venture.

21. Integration. This Contract constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents exchanged between Contractor and City may be used to assist in the interpretation of the Exhibits to this Contract.
22. Modifications and Amendments. This Contract may be modified or amended only by a change order or Contract Amendment executed by both parties and approved as to form by the City Attorney.
23. Conflicting Provisions. In the event of a conflict between these General Conditions and those of any Exhibit or attachment hereto, these General Conditions shall prevail; provided, however, that any Special Conditions as set forth in Exhibit E shall prevail over these General Conditions. In the event of a conflict between the terms and conditions of any two or more Exhibits or attachments hereto, those prepared by City shall prevail over those prepared by the Contractor, and the terms and conditions preferred by the City shall prevail over those preferred by the Contractor.
24. Non-exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Contractor hereunder shall be non-exclusive, and

City reserves the right to employ other Contractors in connection with the project.

25. Exhibits. All Exhibits hereto are made a part hereof and incorporated herein by reference; provided, however, that any language in Exhibit A which does not pertain to the project description, proposal, scope of services, or method of compensation (as applicable) , or any corresponding responsibilities of City, shall be deemed extraneous to, and not a part of, this Contract.
26. Force Majeure. Neither party hereto shall be considered in default in the performance of its obligations hereunder to the extent that the performance of such an obligation is prevented or delayed by reason of acts of God, strikes, boycotts, lock-outs, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations enacted after the date of this Contract, riots, civil unrest, acts of terrorism, insurrection, war, declaration of a state or national emergency or other reasons of a like nature not within the reasonable control of such party.
27. Time of the Essence. Time is of the essence of this Contract. Contractor and City agree that any time period set forth in Exhibit A represents their best estimates with respect to completion dates and both Contractor and City acknowledge that departures from the schedule may occur. Therefore, both Contractor and City will use reasonable efforts to notify one another of changes to the schedule. Contractor shall not be responsible for performance delays caused by others, or delays beyond Contractor's control, and such delays shall extend the times for performance of Contractor's work.
28. Confidentiality. Contractor agrees to comply with, and to require its employees, agents and partners to comply with, all applicable State or Federal statutes or regulations respecting confidentially, including but not limited to, the identity of persons served under this Contract, their records, or services provided them, and assures that:
- All applications and records concerning any individual made or kept by Contractor or any public officer or agency in connection with the administration of or relating to services provided under this Contract will be confidential, and will not be open to examination for any purposes not directly connected with the administration of such service.
- No person will publish or disclose or permit or cause to be published or disclosed, any list of persons receiving services, except as may be required in the administration of such service.

29. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Contract shall not be considered "third parties."
30. Governing Law. This Contract shall be construed in accordance with the law of the State of California without regard to principles of conflicts of law. This Contract is made in Contra Costa County, California, and any action relating to this Contract shall be instituted and prosecuted in the courts of Contra Costa County, California.
31. Nonrenewal. Contractor understands and agrees that there is no representation, implication, or understanding that the services provided by Contractor under this Contract will be purchased or renewed by the City under a new contract following expiration or termination of this Contract, and waives all rights or claims to notice or hearing respecting any failure by City to continue the purchase of all or any failure to continue purchase of all or any such services from Contractor.
32. Claims. Any claim by Contractor against City hereunder shall be subject to Government Code §§ 800 et seq. The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City shall be waived if not made within six months after accrual of the cause of action.
33. Interpretation. This Contract shall be interpreted as if drafted by both parties.
34. Warranty. In the event that any product shall be provided to the City as part of this Contract, Contractor warrants as follows: Contractor possesses good title to the product and the right to transfer the product to City; the product shall be delivered to the City free from any security interest or other lien; the product meets any specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of one hundred and eighty (180) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Contractor, at Contractor's expense, including shipping.
35. Severability. In the event that any of the provisions or portions or applications thereof of this Contract are held to be unenforceable or invalid by any court of competent jurisdiction, City and Contractor shall negotiate an equitable adjustment in the provisions of the Contract with a view

toward effecting the purpose of this Contract, and the validity and enforceability of the remaining provisions or portions or applications thereof, shall not be affected thereby.

36. Authority. City warrants and represents that the signatory hereto (the Mayor of the City of Richmond or the City Manager) is duly authorized to enter into and execute this Contract on behalf of City. The party signing on behalf of Contractor warrants and represents that he or she is duly authorized to enter into and execute this Contract on behalf of Contractor, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Contract on behalf of Contractor.
37. Waiver. The waiver by City of any breach of any term or provision of this Contract shall not be construed as a waiver of any subsequent breach. Inspections or approvals, or statements by any officer, agent or employee of the City relating to the Contractor's performance, or payments therefore, or any combination of these acts, shall not relieve the Contractor's obligation to fulfill this Contract as prescribed; nor shall the City be thereby stopped from bringing any action for damages or enforcement arising from any failure to comply with any of the terms and conditions of this Contract.
38. Possessory Interest. If this Contract results in the Contractor having possession of, claim to or right to the possession of land or improvements, but does not vest ownership of the land or improvements in the same person, or if this Contract results in the placement of taxable improvements on tax exempt land (Revenue and Taxation Code 107), such interest or improvements may represent a possessory interest subject to property tax, and Contractor may be subject to the payment of property taxes levied on such interest.
39. Performance and Final Acceptance.

Contractor represents that it is experienced, qualified, registered, licensed, equipped, organized and financed to perform the services under this Contract.

Contractor shall perform the services under this Contract with that degree of skill and judgment normally exercised by professional firms performing services of a similar nature in the State of California, and shall be responsible for the professional quality, technical accuracy and coordination of the services it performs under this Contract. In addition to the other rights and remedies which City may have, Contractor shall, at its own expense, correct any services which fail to meet the above standard.

City shall provide Contractor an opportunity to cure errors and omission which may be disclosed during the review of submittals, with no increase in the authorized Contract Payment Limit. Should Contractor fail to make necessary corrections in a timely manner, such corrections shall be made by the City and the cost thereof shall be charged to Contractor.

If warranted, City shall determine, and Contractor may request such determination, that Contractor has satisfactorily completed performance of this Contract. Upon such determination, City shall issue to Contractor a written Notice of Final Acceptance, after which Contractor shall not incur further costs under this Contract. Contractor shall respond to such Notice of Final Acceptance by executing and submitting to City a Release and Certificate of Final Payment.

40. Survival. The rights and obligations of the parties which by their nature survive termination or completion of the services covered by this Contract shall remain in full force and effect after termination or completion.

**EXHIBIT E**  
**SPECIAL CONDITIONS**

The General Conditions are hereby amended to include the following modifications and/or provisions (if applicable):

**EXHIBIT F**  
**INSURANCE PROVISIONS**

During the entire term of this Contract and any extension or modification thereof, the CONTRACTOR shall keep in effect insurance policies meeting the insurance requirements specified in the insurance provisions which are attached hereto and incorporated herein by this reference.

**City of Richmond - Insurance Requirements - Type 2:  
 Professional Services**

In all instances where CONTRACTOR or its representatives will provide professional services (*architects, engineers, construction management, counselors, medical professionals, hospitals, clinics, attorneys, consultants, accountants, etc.*) to the City of Richmond (City), the City requires the following MINIMUM insurance requirements and limits.

CONTRACTOR shall procure and maintain for the duration of the contract, agreement, or other order for work, services or supplies, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the CONTRACTOR, its agents, representatives, employees or subcontractors. **Maintenance of proper insurance coverage is a material element of the contract. Failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract.**

CONTRACTOR agrees that in the event of loss due to any of the perils for which it has agreed to provide Commercial General Liability insurance, CONTRACTOR shall look solely to its insurance for recovery. CONTRACTOR hereby grants to CITY, on behalf of any insurer providing Commercial General Liability insurance to either CONTRACTOR or CITY with respect to the services of CONSULTANT herein, a waiver of any right to subrogation which any such insurer of said CONTRACTOR may acquire against the CITY by virtue of the payment of any loss under such insurance.

Original, signed certificates and original, separate policy endorsements, naming the City as an additional insured for general liability coverage, as well as a waiver of subrogation for Workers' Compensation insurance, shall be received and approved by the City **before any work may begin**. However, failure to do so shall not operate as a waiver of these insurance requirements.

City reserves the right to modify or require additional coverages for specific risk exposures depending on scope of CONTRACTORS work.

Minimum coverage is detailed below. The policy limits of coverage shall be made available to the full limits of the policy. The minimum limits stated herein shall not serve to reduce the policy limits of coverage of CONTRACTOR.

- Minimum Scope of Insurance** – the following forms shall be provided and coverage shall be at least as broad as the following:
1. Insurance Services Office Commercial General Liability coverage (ISO Occurrence Form CG 0001), and including coverage for bodily and personal injury, property damage, and products and completed operations (if applicable).
  2. Insurance Services Office Automobile Liability coverage (ISO Form CA 0001, Code 1, Any Auto).
  3. Original and Separate Additional Insured Endorsement for General Liability (ISO Form CG 20 10 11/85 or its equivalent) with primary and non-contributory language.
  4. Workers' Compensation Insurance as required by the State of California including Employer's Liability coverage.
  5. Original and Separate Waiver of Subrogation for Workers' Compensation insurance.
  6. Professional Liability or Errors & Omissions Liability Insurance appropriate to the CONTRACTOR's profession (if required.)

Required Coverage	Minimum Limits
Workers' Compensation and Employers' Liability	Statutory limits as required by the State of California including \$1 million Employers' Liability per accident, per employee for bodily injury or disease. If CONTRACTOR is self-insured, provide a certificate of Permission to Self-Insure, signed by the California Department of Industrial Relations and Self-Insurance. If contractor is a sole proprietor (has no employees) than contractor must sign "Contractor Release of Liability" found at: <a href="http://www.ci.richmond.ca.us/index.aspx?nid=61" style="color: blue; text-decoration: underline;">http://www.ci.richmond.ca.us/index.aspx?nid=61</a> .
General Liability <i>(primary and excess limits combined)</i>	<b>\$2,000,000</b> per occurrence for bodily injury, personal injury and property damage. If the policy includes a general aggregate, either the general aggregate shall apply separately to this project, service or location or the minimum required aggregate limit shall be twice the per occurrence limit. Policy shall be endorsed to name the City of Richmond as an additional insured per the conditions detailed below.

**City of Richmond - Insurance Requirements - Type 2:  
 Professional Services**

Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage.	
Professional Liability or Errors & Omissions Liability –  <i>Required for all professionals including architects, engineers, consultants, construction management, counselors, medical professionals, hospitals, clinics, attorneys and accountants, &amp; other consultants as may be required by the City.</i>	<b>PROJECT COST</b>	<b>REQUIRED LIMIT</b>
	\$0 - \$1 million	\$1 million p/o
	\$1 million - \$5 million	\$2 million p/o
	Over \$5 million	\$5 million p/o

Required Policy Conditions	
Additional Insured Endorsement	<p>Applicable to General Liability coverage.</p> <p>The City of Richmond, its officers, officials, employees, agents and volunteers are to be named as additional insureds for all liability arising out of the operations by or on behalf of the named insured including bodily injury, deaths and property damage or destruction arising in any respect directly or indirectly in the performance of this contract.</p> <p><b><i>ISO form CG 20 10 (11/85) or its equivalent is required. If the Contractor is supplying their product or providing a service then the endorsement <u>must not</u> exclude products and completed operations coverage. If it does, then CG 20 37 (10/01) is also required. SAMPLE Endorsements can be found at <a href="http://www.ci.richmond.ca.us/index.aspx?nid=61">http://www.ci.richmond.ca.us/index.aspx?nid=61</a>.</i></b></p>
Primary and Noncontributory	<p>The contractor's insurance coverage must be primary coverage as it pertains to the City, its officers, officials, employees, agents and volunteers. Any insurance or self insurance maintained by the City is wholly separate from the insurance of the contractor and in no way relieves the contractor from its responsibility to provide insurance.</p>
Waiver of Subrogation Endorsement Form	<p>Contractor's insurer will provide a Waiver of Subrogation in favor of the City for Workers' Compensation Insurance during the life of this contract. SAMPLE Endorsements can be found at <a href="http://www.ci.richmond.ca.us/index.aspx?nid=61">http://www.ci.richmond.ca.us/index.aspx?nid=61</a>.</p>
Deductibles and Self-Insured Retentions	<p>Any deductible or self-insured retention must be declared to and approved by the City. At the option of the City either the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the City or the CONTRACTOR shall procure a financial guarantee in an amount equal to the deductible or self-insured retention guaranteeing payment of losses and related investigations, claims administration and defense expenses.</p> <p>Contractor is responsible for satisfaction of the deductible and/or self-insured retention for each loss.</p>
A. M. Best Rating	<p>A: VII or Better. If the A.M. Best Rating falls below the required rating, CONTRACTOR must replace coverage immediately and provide notice to City.</p>

**Umbrella/Excess Liability Policies**

If an Umbrella or Excess Liability Policy is used to meet the liability limits, coverage shall be as broad as specified for underlying coverage's and cover those insured in the underlying policies.

**Claims-Made Policies**

## City of Richmond - Insurance Requirements - Type 2: Professional Services

If any insurance policy is written on a claims-made form: 1) the retroactive date must be shown, and must be before the date of the contract or the beginning of contract work. 2) Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work. 3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Contractor must purchase an extended period coverage for a minimum of five (5) years after completion of contract work.

### Subcontractors

CONTRACTOR shall include all subcontractors as insured under its policies or shall furnish to the City for review and approval, separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the requirements stated herein.

CONTRACTOR agrees to defend and indemnify the City of Richmond for any damage resulting to it from failure of either CONTRACTOR or any subcontractor to take out or maintain the required insurance policies. The fact that insurance is obtained by CONTRACTOR, and/or CONTRACTOR's subcontractors, will not be deemed to release or diminish the liability of CONTRACTOR, including, without limitation, liability under the indemnity provisions of this contract. Damages recoverable by CITY from CONTRACTOR or any third party will not be limited by the amount of the required insurance coverage.

### Verification of Coverage

All original certificates and endorsements shall be received and approved by the City before work may begin. The City of Richmond reserves the right to require complete, certified copies of all required insurance policies including endorsements affecting the coverage at any time.

### Original insurance certificates and required policy endorsements shall be mailed or delivered to the Designated Project Manager for the City of Richmond.

Insurance certificates and endorsements may be faxed to the Designated Project Manger. However, CONTRACTOR must mail the original certificates and endorsements to Designated Project Manager once faxed.

### Continuous Coverage

CONTRACTOR shall maintain the required insurance for the life of the contract. Should the CONTRACTOR cease to have insurance as required during this time, all work by the CONTRACTOR pursuant to this agreement shall cease until insurance acceptable to the City is provided. In the event that CONTRACTOR fails to comply with the City's insurance requirements, the City may take such action as it deems necessary to protect the City's interests. Such action may include but is not limited to termination of the contract, withholding of payments, or other actions as the City deems appropriate.

If services or the scope of work extend beyond the expiration dates of the required insurance policies initially approved by the City, CONTRACTOR must provide updated certificates and endorsements indicating that the required coverage, terms and conditions are still in place. **Renewal certificates and updated endorsements shall be mailed to the Designated Project Manager.**

### Cancellation

CONTRACTOR shall ensure that coverage shall not be cancelled, reduced or otherwise materially changed except after thirty (30) days' prior written notice has been given to the City.

### Reporting Requirements

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 officers, officials, employees or volunteers.

### Consistent with Public Policy

The insuring provisions, insofar as they may be judged to be against public policy shall be void and unenforceable only to the minimum extent necessary so that the remaining terms and provisions herein may be consistent with public policy and thus enforceable.

**EXHIBIT H  
CITY OF RICHMOND  
Sanctuary City Compliance Statement**

The undersigned, an authorized agent of \_\_\_\_\_ (hereafter "Contractor"), has had an opportunity to review the requirements of City of Richmond Ordinance 12-18 (hereafter "Sanctuary City Contracting Ordinance" or "SCCO"). Contractor understands and agrees that the City may choose with whom it will maintain business relations and may refrain from contracting with any person or entity that provides Data Broker or Extreme Vetting services to the U.S. Immigration and Customs Enforcement Division of the United States Department of Homeland Security ("ICE"). Contractor understands the meaning of the following terms used in the SCCO:

- a. "Data Broker" means either of the following:
  - i. The collection of information, including personal information about consumers, from a wide variety of sources for the purposes of reselling such information to their customers, which include both private-sector business and government agencies;
  - ii. The aggregation of data that was collected for another purpose from that for which it is ultimately used.
- b. "Extreme Vetting" means data mining, threat modeling, predictive risk analysis, or other similar services."

Contractor understands that it is not eligible to receive or retain a City contract if at the time the Contract is executed, or at any time during the term of the Contract, it provides Data Broker or Extreme Vetting services to ICE.

Contractor further understands and agrees that Contractor ' s failure to comply with the SCCO shall constitute a material default of the Contract and the City Manager may terminate the Contract and bar Contractor from bidding on future contracts with the City for five (5) years from the effective date of the contract termination.

By executing this Statement, Contractor certifies that it complies with the requirements of the SCCO and that if at any time during the term of the Contract it ceases to comply, Contractor will promptly notify the City Manager in writing. Any person or entity who knowingly or willingly supplies false information in violation of the SCCO shall be guilty of a misdemeanor and subject to a \$1,000 fine.

Based on the foregoing, the undersigned declares under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, at \_\_\_\_\_, California.

**Printed Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Business Entity:** \_\_\_\_\_

# Proposal to Develop a Cost Allocation Plan

RICHMOND, CALIFORNIA

October 13, 2022

**matrix**   
consulting group

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October 13, 2022

Ofelia Alvarez, Senior Buyer  
City of Richmond  
450 Civic Center Plaza  
Richmond, California 94804

Dear Ms. Alvarez,

The Matrix Consulting Group appreciates this opportunity to submit a proposal to work with the City of Richmond's Finance Department and Richmond Rent Program staff to develop a Cost Allocation Plan that adheres to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(I). The goal of this study is to establish and maintain well-documented, defensible, and legally consistent plans that can be used to recover indirect costs. Our firm stands apart from other firms for the following reasons:

- **Experience in cost allocation studies:** Our firm and team have conducted 250+ cost of service studies for municipalities over the last 20 years across the United States, with recent California clients including: San Mateo, Millbrae, Redwood City, Sunnyvale, Livermore, and South San Francisco.
- **Project team expertise:** Our Project Executive and Project Manager are experts in organizational analysis, cost allocation, and revenue best practices, ensuring accurate and defensible results.
- **Timeliness of products and transfer of knowledge:** We are committed to ensuring that all client deadlines are met, providing defensible work products, and creating recommendations to enhance revenue recovery.

The City knows our work – we are currently completing an Emergency Services Study.

I am the firm's President, authorized to negotiate on its behalf and bind it contractually. I can be reached at the numbers below, or via email at [rbrady@matrixcg.net](mailto:rbrady@matrixcg.net).

A handwritten signature in blue ink, appearing to read "R. Brady", is positioned above the typed name.

Richard Brady, President  
**Matrix Consulting Group**

## 1 Firm Background and Qualifications

The Matrix Consulting Group specializes in providing analytical services to local governments to assist them in providing highly responsive, efficient, and effective services to their residents. Our firm’s history and composition are summarized below:

- We were founded in 2002 and incorporated in California.
- Our firm employs 25 full time, and 4 part time staff.
- Our headquarters are based in San Mateo, California with a Southern California office in Irvine. We have additional offices in Edwardsville (IL), and the Dallas, Portland (OR), Fort Myers (FL)and Charlotte (NC) areas. We also have an office in Canada (in Nova Scotia).
- Since our founding, we have worked with over 1,500 government agencies, conducting cost of service and management studies providing recommendations relating to operations, improvements, and cost recovery.

The market and service focus of the Matrix Consulting Group has always been financial, management, staffing and operations analysis of local government. The following outlines the core services provided by our firm:

<b>Administrative (HR, Finance, IT)</b>	<b>Fire and EMS</b>
Community Development	Fleet Management
Corrections and Justice	<b>Law Enforcement</b>
Emergency Communications	Parks, Recreation, and Libraries
<b>Financial Services</b>	<b>Public Works and Utilities</b>

Richmond is a current client – we are completing the Emergency Services Study this month for Richmond.

### 1 Qualifications and Experience in Cost Allocation Plans

Our firm has extensive experience developing Full Cost and OMB compliant Cost Allocation Plans, as well as Indirect Cost Rate Proposals for various municipal organizations across the United States. Whether we are working with large cities, small towns, special districts, or individual departments, our goal is to document and define the services being provided, and accurately allocate costs to all beneficiaries. The following points highlight our experience with developing cost allocation processes and metrics:

- **Administrative Functions:** Our firm has extensive experience in evaluating processes and functions associated with Town Clerk, Finance, Human Resources,

and Purchasing. From basic tasks and responsibilities to process improvement and oversight controls, our project teams are able to:

- Identify core service functions, such as payroll, employee benefits, budget preparation, agenda and commission support.
- Review current data metrics, and work with staff to ensure resulting allocations are appropriate, fair, and equitable.
- Recognize services that are not in direct support of departments, including business licenses and elections, and ensure they are accurately identified, but not further allocated.

Our project teams understand the core services associated with administrative functions, as well as the time associated with process completion, and are adept at helping staff determine daily, weekly, monthly, or annual time spent on a task. These assumptions form the core basis of a cost allocation plan, and should be defensible not only through documentation, but also by Town staff.

- **Governmental Functions:** The Matrix Consulting Group has worked with and been a part of managerial studies relating to Town Manager and Legal services. Additionally, we have extensive experience working with, and presenting to various boards, councils, and subcommittees. Our understanding of the various types of services provided allow our project teams to assess what services are best for allocation, including:

- Categorizing services and support that benefit the Town as an organization, such as contract negotiation, and approval of internal policies.
- Identifying services that benefit the Town economically, such as lobbying, and economic development, which should not be allocated.

Our team understands how these costs can and should be treated in both a Full Cost Plan and OMB compliant plan, including making staff aware of common practices, as well as aggressive allocation options.

- **Internal Services:** The Matrix Consulting Group has significant experience evaluating services and functions associated with Facilities Maintenance, Fleet Services, and Information Technology. While these services can be part of the general fund or internal services, their allocation is important when trying to understand the indirect costs associated with any Fund, Department, or Program. Our project teams work with these departments to:

- Review existing allocation processes and metrics to ensure compliance with state and federal regulations.

- Determine if newer metrics, or metric alterations could provide more accurate allocations.

Our project team is committed to ensuring that all cost centers being allocated by our clients follow state and local laws, use fair and equitable allocation metrics, and are documented and defensible.

## 2 Prior Experience in Cost Allocation Plans

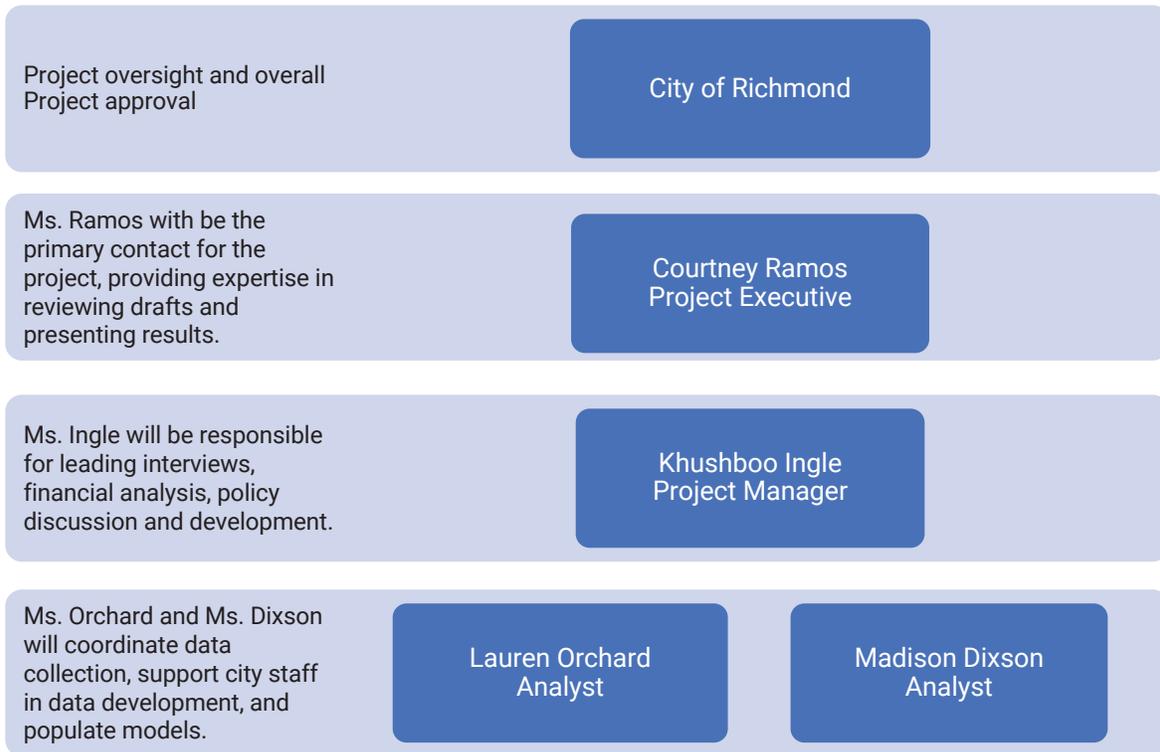
The following table provides a sampling of California jurisdictions for whom we have provided similar services within the last five years, including the types of services provided to each jurisdiction, relevant to the requested scope of services:

Jurisdiction	Full Cost	OMB	Internal Service / Special Revenue	Indirect Rates	Ann. Plan
Adelanto, CA	X				
Citrus Heights, CA	X	X	X		
Cupertino, CA	X	X			
Dixon, CA	X	X	X		
Downey, CA	X	X	X		
Elk Grove, CA	X	X	X		X
Fairfield, CA	X	X			
Hercules, CA	X	X	X		
Los Altos Hills, CA	X		X		
Livermore, CA	X	X	X		X
Manhattan Beach, CA	X	X	X		X
Millbrae, CA	X	X	X		
Pacific Grove, CA	X	X			
Port of Long Beach, CA	X			X	
Redwood City, CA	X	X	X		
Resource Cons. Dist. of Santa Cruz County	X	X		X	X
Sacramento Regional Transit, CA		X		X	X
San Mateo, CA	X	X	X		X
San Mateo Resource Cons. District	X	X		X	
Santa Clara, CA	X	X	X	X	
South San Francisco, CA	X	X	X		
Sunnyvale, CA		X		X	X

Services provided to the above listed clients were delivered by our proposed project executive and project manager out of our San Mateo (headquarters) and Irvine, CA offices.

## 2 Key Project Staff

The Matrix Consulting Group uses a core project team to conduct cost allocation and cost of services studies. This structure ensures that each project has the technical expertise required to adhere to state and federal guidelines regarding cost allocation, as well as generally accepted accounting principles relating to cost accounting. The following chart outlines the project team, their specific roles, and reporting structure.



The following table provides a summary of experience of our proposed project team and their roles through the course of this project:

<p><b>Courtney Ramos</b>                  Vice President,                  Project Executive</p> <p><b>Experience:</b>                  17 years</p>	<p>Ms. Ramos is our Financial Services Practice Leader, who oversees cost allocation plan, user fee, development impact fee, and cost of service engagements. Her tenure has also included participation in operational audits focusing on organizational / staffing structure enhancements.</p> <p>Courtney has completed over 250 cost of service studies. Recent clients include Daly City, Redwood City, Hercules, Millbrae, San Mateo, Milpitas, Mill Valley, Sunnyvale, South San Francisco, and Los Altos Hills.</p> <p>Her role on this project would be to serve as the Project Executive involved in reviewing and presenting results. Ms. Ramos is a GFOA and CSMFO member.</p>
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<b>Khushboo Ingle</b>  Senior Manager, Project Manager  <b>Experience:</b> 11 years	<p>Ms. Ingle is a Senior Manager who manages cost allocation plan, user fee, development impact fee, and cost of service engagements. Her experience with the firm also includes participation in operational audit engagements focusing on organization, staffing, and internal processes.</p> <p>Khushboo has completed over 150 cost of service studies. Recent clients include Daly City, Redwood City, Millbrae, San Mateo, Milpitas, Sunnyvale, South San Francisco, Hercules, Los Altos Hills, Livermore, Bay Area Air Quality District, and San Mateo County Resource Conservation District.</p> <p>Her role on this project would be to serve as the Project Manager, involved in leading meetings, developing draft results, and reviewing results. Ms. Ingle is trained in OMB Cost Allocation Guidelines, and she is a CSMFO Member.</p>
<b>Lauren Orchard</b>  Sr. Consultant, Analyst  <b>Experience:</b> 6 years	<p>Ms. Orchard is an analyst who has recently joined our firm to assist our senior staff on cost allocation plan, user fee, development impact fee, and cost of service engagements.</p> <p>Prior to joining Matrix Consulting Group, Ms. Orchard has had extensive experience in local government. Most recently she served in the position of Economic Development Director for the City of West Fargo, ND.</p> <p>Her role on this project would be to serve as an Analyst, involved in attending meetings, data input, developing models, and providing support on revenue forecasting.</p>
<b>Madison Dixon</b>  Consultant, Analyst  <b>Experience:</b> 1 year	<p>Ms. Dixon is an analyst who assists our senior staff on cost allocation plan, user fee, development impact fee, and cost of service engagements.</p> <p>Ms. Dixon has participated in over 15 cost of service studies. Recent Bay Area clients include Millbrae, Mountain View, and Sunnyvale.</p> <p>Her role on this project would be to serve as an Analyst, involved in attending meetings, data input, and developing models.</p>

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## 3 Proposed Work Plan

The City of Richmond is looking to develop a Full Cost Allocation Plan that will allow them to identify and recover appropriate administrative overhead costs. In addition to developing the Full Cost Plan, the City is also interested in reviewing and evaluating the cost pool allocation for General Liability Insurance and Fringe Benefits for Worker’s Comp – Clerical and Professional. This section of our proposal outlines our proposed work plan and project schedule to achieve these goals.

### 1 Detailed Scope of Services/Proposed Work Plan

The following tasks provide a detailed look at our proposed work plan to develop a Full Cost Allocation Plan and evaluate insurance related internal service funds including a narrative, associated activities, and projected staff time requirements.

#### Task 1 | Data Collection

Prior to our initial meeting, the Matrix Consulting Group will provide the City with a list of initial data requirements for the study. This will allow our project team to review this information thoroughly in preparation for initial discussions with staff. A common list of data collection items include:

- Budgeted expenditures on a department, division, program and line-item basis.
- Copy of prior cost allocation plan(s) and supporting documentation.
- List of all budgeted personnel by department, division, and program.
- Copy of organizational chart.

The provision of these items allows our project team to familiarize themselves with the City’s structure and its current cost allocation practices.

<b>Deliverable</b>	Data Collection List
<b>Meetings</b>	None
<b>Estimated City Support</b>	1-2 hours for Finance / Support Departments
<b>Project Timeline</b>	Weeks 1-2

#### Task 2 | Study Objectives and Project Schedule

Once the data has been collected, the project team will then meet with designated City staff to discuss any issues identified by the project team, as well as to clarify any existing

concerns held by the City regarding the current cost allocation methodology. Discussions will include:

- Review of the City’s specific needs and critical issues surrounding development and implementation of the cost allocation study.
- Opportunities for improvement and restructuring of previous studies, and/or review and discussion of existing cost allocation methodologies.
- Discussion of the uses of a cost allocation study.

At the culmination of the meeting, the project team and the designated City staff will leave with a greater understanding of the overall approach and methodology that will be taken by the project team to develop the Cost Allocation Plan.

<b>Deliverable</b>	Project Schedule
<b>Meetings</b>	Kickoff
<b>Estimated City Support</b>	1 hour for Finance and Executive Team
<b>Project Timeline</b>	Weeks 1-2

### **Task 3 | Interview Staff and Gather Allocation Metrics**

The project team would review the City’s budget and financial structure to identify City departments and services to be allocated. To structure a custom cost allocation model, our project team would perform the following:

- Review and discuss the accounting (fund and organizational levels) structure of the City based upon the budgeted expenditures to identify any anomalies from previous years.
- Identify and meet specific central services departments to develop allocation bases and ensure that the plan reflects the following aspects:
  - All current services provided by the Department are identified and documented within the Cost Allocation Plan.
  - Allocation bases discussed to be utilized are reflective of the current level of effort and most relatable to the service being performed.
- Discuss alternative allocations, including outcomes and potential impacts.

The points above provide examples of the types of detailed and in-depth discussions that the project team will have with City Departments involved in the cost allocation process.

At this point in the process, the project team would reach out to each department and ask for specific allocation metrics such as purchase orders, invoices, sq. ft. per facility, etc.

<b>Deliverable</b>	Allocation Metric Requests from Support Departments
<b>Meetings</b>	1 Departmental Support Meeting per Department
<b>Estimated City Support</b>	1 hour per City Support Department
<b>Project Timeline</b>	Weeks 2-4

#### **Task 4 | Review Draft Allocation Metrics**

Based upon units of service identified in Task 3 and the allocation metrics collected, the project team would put together allocation statistic workbooks for review with City staff. The purpose of these workbooks is to review the initial results of the allocation metrics gathered by the project team.

This type of detailed review is critical for the development of a defensible cost allocation study. It also ensures that City staff are comfortable with the use of the allocation metrics and the support that those metrics represent.

<b>Deliverable</b>	Draft Allocation Workbooks
<b>Meetings</b>	1 Draft Allocation Meeting per Department
<b>Estimated City Support</b>	1 hour per City Support Department
<b>Project Timeline</b>	Weeks 5-7

#### **Task 5 | Structure and Prepare Draft Cost Allocation Plan**

Once the Central Service departments and administrative functional areas have agreed upon the appropriate allocation metrics for their services; allowable administrative or other indirect costs are allocated to each benefiting City department, operating unit or fund. At this point the project team would ensure that methodologies and assumptions comply with Federal regulations and general accounting principles. During the development of the cost allocation plan, the project team will ensure that any expenses included in the plan are vetted and reviewed with Budget staff as well as incorporate any direct reimbursements. The results of the cost allocation plan will be provided to City staff in numerical format in excel prior to the development of a draft report.

<b>Deliverable</b>	Draft Cost Allocation (Excel Results)
<b>Meetings</b>	Draft Results Meeting with Finance
<b>Estimated City Support</b>	1 hour for Finance
<b>Project Timeline</b>	Weeks 6-9

## Task 6 | Comparison to Previous Cost Allocation Studies

The results of Tasks 4 and 5 will allow the project team to compare the results of the draft Cost Allocation Plan to the results of any previous cost plans, or current administrative calculations. The comparison workbook typically includes the following components:

- **Comparison of total costs included:** This tab compares all the central service expenditures that were included previously compared to the current year. Any significant changes are highlighted, and notes are provided for the difference.
- **Comparison of total costs allocated:** This tab compares by central service the costs that got allocated out to receivers, as depending upon allocated or unallowable costs these can vary from the total costs included. It also provides insight into any potential structural changes and their impact on the plan's results.
- **Comparison of receivers:** This tab compares by receiving department and / or fund the total cost allocated to them in the prior year's cost plan compared to this the proposed costs being allocated. Any changes of more than 5% are explained in a notes section including providing numerical references where appropriate.
- **Detailed summary results:** This tab shows in excel format the detailed summary schedule produced by the cost allocation plan, so by central service the total cost allocated to each receiving department for the current year.

This flux analysis workbook is an efficient way in which we can review the results of the cost plan with the City. This type of review also minimizes the number of draft reports that are reviewed by staff.

<b>Deliverable</b>	Comparison of Cost Allocation Results (Excel)
<b>Meetings</b>	None
<b>Estimated City Support</b>	1 hour for Finance
<b>Project Timeline</b>	Weeks 8-10

## Task 7 | Final Cost Allocation Study

Upon review and approval of the draft cost plan by central service departments and the Finance Department, the project team will finalize the Cost Allocation Plan and report. The final deliverables associated with the Cost Allocation Plan will be:

- **Cost allocation plan report:** including all detailed allocation schedules, cost schedules, summary schedules, and narrative information regarding the central services included.

- **Excel summary schedule:** the results of the full cost allocation plan in Excel format for ease of calculations, incorporation into City documents, and review by staff.
- **Flux analysis:** the excel workbook comparison between the City’s current plan and proposed cost plan.
- **Comparison results memo:** a memo summarizing the differences between the City’s current plan and the proposed plan, as well as any recommendations for future updates to the City’s cost plan.

These deliverables will allow the City to have clear documentation of the final Cost Plan developed.

<b>Deliverable</b>	Final Cost Allocation Report
<b>Meetings</b>	None
<b>Estimated City Support</b>	None
<b>Project Timeline</b>	Weeks 10-12

### **Task 8 | Review of Insurance Internal Service Allocations**

The City currently has two insurance cost pools that are allocated out to departments and funds for reimbursement: General Liability Insurance and Workers Comp – Clerical and Professional. Through this study the City is looking to review and evaluate the following processes:

- **Budgeted Expenditures:** work with City staff to evaluate the costs budgeted in each cost pool and ensure no double counting within either the City’s Full Cost Plan or OMB Cost Plan.
- **Allocation Methods and Metrics:** review current practices for determining how costs should be allocated to benefitting funds and departments.

Based upon a thorough review of the City’s current cost pools and practices, recommendations will be provided on where and how each cost pool’s allocation methodology can be improved.

<b>Deliverable</b>	Memo outlining each cost pool and associated recommendations
<b>Meetings</b>	1 – 2 Interviews
<b>Estimated City Support</b>	2 -3 hours for Finance, HR, and Risk staff
<b>Project Timeline</b>	Weeks 8 -12

## Task 9 | Presentation of Results

The project team would present the results of the analysis to stakeholders, as well as to City Council to discuss the methodology and overall findings of the analysis. The project team would present the findings at up to two (2) meetings.

<b>Deliverable</b>	Final Report Presentation
<b>Meetings</b>	2 Meetings
<b>Estimated City Support</b>	None
<b>Project Timeline</b>	Weeks 12+

## Task 10 | Excel-Based Models

The City of Richmond wishes to have the ability to update the final version of the Cost Allocation Study. Our Excel-based models would provide the ability for the City to adapt and continuously update fee study results from year to year as the organization changes.

After the final draft of the cost study is approved, at the discretion of City staff, the project team would meet with and train designated City employees on use of the models. Staff will be provided with training that includes: a step-by-step PowerPoint presentation; a User’s Manual which explains key concepts, defines basic terms, includes a customized updated checklist of data that needs to be entered, and discusses different scenario options (e.g., adding new central services, removing receivers, etc.).

<b>Deliverable</b>	Cost Allocation Model, Backup Documentation, User Guide
<b>Meetings</b>	Model Training
<b>Estimated City Support</b>	2 hours for Training Attendance
<b>Project Timeline</b>	Weeks 12+

## 2 Proposed Project Schedule

Studies of this nature typically take approximately 12-16 weeks (3-4 months) to complete. However, the City is requesting a 12-week timeline, with a start date of November 28, 2022, and completion by February 13, 2023. The following table outlines our proposed project schedule on a task-by-task basis to achieve the City’s requested timeline.

<b>Task</b>	<b>Deliverable Week/Date</b>	<b>Deliverable/Task</b>
Data Collection	Weeks 1-2	Data Collection List
Study Objectives & Schedule	Weeks 1-2	Project Schedule
Interview Staff	Weeks 2-4	Staff Interviews
Review Draft Metrics	Weeks 5-7	Allocation Workbook Review
Structure Cost Model	Weeks 6-9	Excel Cost Model Draft Results
Comparison to Prior Study	Weeks 8-10	Numerical comparison of results
Final Report	Weeks 10-12	Final Report
Review ISF Allocations	Weeks 8-12	Recommendations Memo
Presentation	Weeks 12+	Presentation of Results to Stakeholders
Models	Weeks 12+	Cost Models

All timelines can be adjusted based upon the City’s schedule and other commitments in agreement with City staff.

## 4 Fee Schedule

The following chart provides a breakdown of hours by team member and costs for each task area to develop a Cost Allocation Study and Internal Service Charge Review for the City of Richmond.

	Project Executive	Project Manager	Analyst	Total Cost
Data Collection	0	2	4	\$850
Study Objectives and Schedule	2	2	0	\$820
Interview Staff	0	6	6	\$1,830
Review Draft Allocation Metrics	2	6	6	\$2,280
Structure Cost Model(s)	2	4	10	\$2,390
Comparison to Previous Study	0	2	6	\$1,090
Final Full Cost Report	2	4	6	\$1,910
ISF Allocation Review	6	14	4	\$4,420
Presentation	0	4	6	\$1,460
Models	2	4	6	\$1,910
<b>Total Hours</b>	<b>14</b>	<b>44</b>	<b>50</b>	
<b>Hourly Rate</b>	<b>\$225</b>	<b>\$185</b>	<b>\$120</b>	
<b>Total Professional Fees</b>	<b>\$3,150</b>	<b>\$8,140</b>	<b>\$6,000</b>	<b>\$17,290</b>
<b>Total Project Cost</b>				<b>\$17,290</b>

The Matrix Consulting Group proposes to perform the tasks and services associated with developing a Cost Allocation Study and Internal Service Charge Review for a fixed-price not-to-exceed fee of **\$17,290**. Our typical practice is to bill for hours worked on a monthly basis, with our contracts set up as fixed not-to-exceed price contracts. We are open to billing on a task or deliverable basis as well.

## 5 References

The following table provides specific references for clients for whom similar services were provided that were managed by our Project Executive and Project Manager.

Client	Client Contact	Project Type
<b>Livermore, CA</b> 1052 S. Livermore Ave. Livermore, CA 94550	Bhavna Chaudhary Financial Services Manager (925) 960-4353 <a href="mailto:bchaudhary@cityoflivermore.net">bchaudhary@cityoflivermore.net</a>	Full Cost Allocation Plan OMB Cost Allocation Plan Hourly Rates Development Fee Study  FY14-15, FY18-19
<b>Pasadena, CA</b> 100 N. Garfield Ave. Pasadena, CA 91101	Maria Torres Management Analyst IV (626) 744-4351 <a href="mailto:mtorres@cityofpasadena.net">mtorres@cityofpasadena.net</a>	Internal Service Fund Review and Templates – Worker’s Comp, Liability, and Benefits Insurance  FY 21/22
<b>San Mateo, CA</b> 330 W. 20 <sup>th</sup> Ave. San Mateo, CA 94403	Brian Alexander Management Fellow (650) 522-7209 <a href="mailto:balexander@cityofsanmateo.org">balexander@cityofsanmateo.org</a>	Cost Allocation Plan Development Services Fee Study Development Impact Fee Study  FY12-13, FY14-15, FY18-19, FY20-21

We are happy to provide additional references for any past client identified in our proposal upon request.

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