

**CITY OF COSTA MESA
PROFESSIONAL SERVICES AGREEMENT
WITH
KELLY ASSOCIATES MANAGEMENT GROUP LLC**

THIS AGREEMENT is made and entered into this 30 day of November, 2016 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), and KELLY ASSOCIATES MANAGEMENT GROUP LLC, a California limited liability company ("Consultant").

WITNESSETH:

A. WHEREAS, City proposes to utilize the services of Consultant as an independent contractor to perform an organizational review of the Finance Department's Purchasing operation, as more fully described herein; and

B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code Section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and

C. WHEREAS, City and Consultant desire to contract for the specific services described in Exhibit "A" and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and

D. WHEREAS, no official or employee of City has a financial interest, within the provisions of Sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1.0. SERVICES PROVIDED BY CONSULTANT

1.1. Scope of Services. Consultant shall provide the professional services described in Consultant's Proposal, attached hereto as Exhibit A and incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant's performance of this Agreement.

1.3. Performance to Satisfaction of City. Consultant agrees to perform all the work to the complete satisfaction of the City and within the hereinafter specified. Evaluations of the work will be done by the City's Chief Executive Officer ("City CEO") or his or her designee. If the quality of work is not satisfactory, City in its discretion has the right to:

- (a) Meet with Consultant to review the quality of the work and resolve the matters of concern;

- (b) Require Consultant to repeat the work at no additional fee until it is satisfactory; and/or
- (c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

1.5. Non-discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical condition, marital status, sexual gender or sexual orientation, except as permitted pursuant to Section 12940 of the Government Code.

1.6. Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.7. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

1.8. Confidentiality. Employees of Consultant in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon the termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

2.0. COMPENSATION AND BILLING

2.1. Compensation. Consultant shall be paid in accordance with the fee schedule set forth in Exhibit A. Consultant's total compensation shall not exceed Eight Thousand Dollars (\$8,000.00).

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Consultant's Proposal unless the City or the Project Manager, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of

such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant may submit invoices to the City for approval on a progress basis, but no more often than two times a month. Said invoice shall be based on the total of all Consultant's services which have been completed to City's sole satisfaction. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times from the Effective Date until three years after termination of this Agreement.

3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. The professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of twelve (12) months, ending on Nov. 30, 2017, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties. This Agreement may be renewed by two (2) additional one (1) year periods upon mutual written agreement of both parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated based on the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Consultant, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant shall be at City's sole risk and without liability or legal expense to Consultant.

5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company admitted to do business in California, rated "A," Class X, or better in the most recent Best's Key Insurance Rating Guide, and approved by City:

- (a) Commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.
- (b) Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence for bodily injury and property damage.
- (c) Workers' compensation insurance as required by the State of California.
- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Architects' and engineers' coverage shall be endorsed to include contractual liability. If the policy is written as a "claims made" policy, the retro date shall be prior to the start of the contract work. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The commercial general liability insurance policy and business automobile liability policy shall contain or be endorsed to contain the following provisions:

- (a) Additional insureds: "The City of Costa Mesa and its elected and appointed boards, officers, officials, agents, employees, and volunteers are additional insureds with respect to: liability arising out of activities performed by or on behalf of the Consultant pursuant to its contract with the City; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; automobiles owned, leased, hired, or borrowed by the Consultant."

- (b) Notice: "Said policy shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City."
- (c) Other insurance: "The Consultant's insurance coverage shall be primary insurance as respects the City of Costa Mesa, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy."
- (d) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of Costa Mesa, its officers, officials, agents, employees, and volunteers.
- (e) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.3. Deductible or Self Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.4. Certificates of Insurance. Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement. The certificates of insurance shall be attached hereto as Exhibit "B" and incorporated herein by this reference.

5.5. Non-limiting. Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

6.0. GENERAL PROVISIONS

6.1. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City CEO or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement.

Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices. Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery and b) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

Kelly Associates Management Group LLC
1440 North Harbor Blvd., Suite 900
Fullerton, CA 92835
Tel: (714) 449-8432
Attn: William R. Kelly

IF TO CITY:

City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626
Tel: (714) 754-5249
Attn: Tamara Letourneau

6.5. Drug-free Workplace Policy. Consultant shall provide a drug-free workplace by complying with all provisions set forth in City's Council Policy 100-5, attached hereto as Exhibit "C" and incorporated herein by reference. Consultant's failure to conform to the requirements set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys' Fees. In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

6.8. Assignment. Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.9. Indemnification and Hold Harmless. Consultant agrees to defend, indemnify, hold free and harmless the City, its elected officials, officers, agents and employees, at Consultant's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against the City, its elected officials, officers, agents and employees arising

out of the performance of the Consultant, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Consultant, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected officials, officers, agents and employees based upon the work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect.

6.10. Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City. Consultant shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Consultant shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant further agrees to indemnify and hold City harmless from any failure of Consultant to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.11. PERS Eligibility Indemnification. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.12. Cooperation. In the event any claim or action is brought against City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance and cooperation which City might require.

6.13. Ownership of Documents. All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other related items as requested by City or its authorized representative, at no additional cost to the City.

6.14. Public Records Act Disclosure. Consultant has been advised and is aware that this Agreement and all reports, documents, information and data, including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, pursuant to this Agreement and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 6250 *et seq.*). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code Section 6254.7, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.15. Conflict of Interest. Consultant and its officers, employees, associates and subconsultants, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this agreement, including, but not limited to, the Political Reform Act (Government Code Sections 81000, *et seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant and its officers, employees, associates and subconsultants shall not, without the prior written approval of the City Representative, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subconsultants to abstain from a decision under this Agreement pursuant to a conflict of interest statute.

6.16. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.17. Prohibited Employment. Consultant will not employ any regular employee of City while this Agreement is in effect.

6.18. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

6.19. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.20. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.21. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.22. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.23. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.24. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.25. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.27. Corporate Authority. The persons executing this Agreement on behalf of the

parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF COSTA MESA,
A municipal corporation

Thomas R. Patel
Chief Executive Officer

Date: 12/1/16

CONSULTANT

William R. Kelly
Signature

Date: 11/29/16

William R. Kelly - President / CEO
Name and Title

45-314 3441
Social Security or Taxpayer ID Number

ATTEST:

Brenda Green
City Clerk

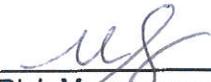


APPROVED AS TO FORM:

[Signature]
City Attorney

Date: 11/29/16

APPROVED AS TO INSURANCE:



Risk Management

Date: 11/29/16

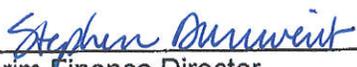
DEPARTMENTAL APPROVAL



Assistant Chief Executive Officer

Date: 11/28/16

APPROVED AS TO PURCHASING:

Interim Finance Director

Date: 11.28.16

EXHIBIT A
CONSULTANT'S PROPOSAL



kelly associates
Management Group

November 15, 2016

Ms. Tamara Letourneau
Assistant Chief Executive Officer
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

SUBJECT: PROPOSAL – ORGANIZATIONAL REVIEW OF COSTA MESA PURCHASING FUNCTION

Dear Ms. Letourneau:

Kelly Associates Management Group LLC (KAMG) is pleased to submit to the City of Costa Mesa this proposal to perform an organizational review of the City's Purchasing operation. KAMG's staff of former public sector managers has provided a wide range of consulting services to local government clients in disciplines such as organizational assessment and development, human resources, economic development, strategic planning, team building, etc. I am confident that we can provide a very high level of service to the City to meet whatever needs you may have.

OVERVIEW OF FIRM

The Kelly Associates Management Group was formed to give public sector organizations the help they need to craft unique, creative solutions to the problems confronting their constituents. The KAMG team has proven its effectiveness in helping clients size up the environment, determine stake-holders, identify the landmines, figure out the best courses of action, and develop sound implementation strategies.

What makes KAMG a particularly good partner is the breadth of experience its professional staff brings to every engagement. With an average of 35 years of public service experience each, all are former successful local government managers with proven track records who now offer their skills and knowledge on a consulting basis. KAMG has the resources to pull together the right team to deliver nearly any service a client may require, whether it's for a specific problem or project or to provide general, on-going staff assistance. The KAMG team has experience helping public sector clients in the following specialty areas:

- | | |
|--|--|
| ✓ Economic Development | ✓ Finance and Budgeting |
| ✓ Organizational Development and Improvement | ✓ Human Resources |
| ✓ Team Building | ✓ Community Development and City Planning |
| ✓ Law Enforcement Management | ✓ Strategic Planning |
| ✓ Park Planning and Leisure Service Management | ✓ Public Information/Outreach |
| | ✓ Interim Staffing & Executive Recruitment |
| | ✓ Public Works & Infrastructure Management |

KAMG takes great care to assemble a project team based on the unique needs of each engagement. We are very fortunate to be in a position to offer our clients expertise from both executive and staff perspectives as well as generalists and specialists. The current KAMG staff reflects the following:

- Three former City Managers (each with previous experience as staff and department managers)
- Two former Assistant City Managers
- A former Police Chief
- A former Fire Chief
- Three former Planning, Community Development and Economic Development Directors
- A former Deputy Community Development Director
- A former Director of Human Resources and Risk Management
- A former Parks & Recreation Superintendent and park planning consultant

WORK PLAN

Based on our previous discussions, we understand that the City of Costa Mesa is seeking a professional consulting firm to perform an organizational assessment of the Finance Department's Purchasing operation. This would include an examination of current staffing and workload as well as a review of existing policies, procedures, resolutions, ordinances, etc. KAMG would then convey its findings to the City Manager's office along with suggestions for changes in accordance with best industry practices. Finally, KAMG would prepare all required documents to implement the accepted recommendations.

KAMG proposes to address this engagement in three phases:

- **Phase 1 – Data Collection and Analysis:** A review of existing written documents including formal policies and procedures, memos, resolutions, ordinances, etc. KAMG will also endeavor to examine any unwritten policies and procedures that are generally understood within the organization, but which have heretofore not been documented. This Phase 1 will also include interviews with current Purchasing staff and selected stakeholders (i.e., department heads) as directed by the City as well as an examination of current best industry practices.

Following completion of the data collection and analysis, KAMG will prepare a memorandum to the City summarizing its findings and recommendations. KAMG anticipates that the City's feedback on these findings and recommendations will form the basis for the Phase 2 scope of work.

- **Phase 2 – Implementation:** At this point, KAMG assumes that the City will require new or revised purchasing policies and procedures, new ordinances, etc. Phase 2 will include the development of these documents along with appropriate staff reports to the City Council as directed.

Following approval and adoption of new policies and procedures, KAMG will facilitate implementation. This may also include presentation of new procedures to staff and stakeholders along with training.

KAMG anticipates that Phase 1 of the engagement would commence upon issuance of a Professional Services Agreement by the City. Once this Phase has been completed to the satisfaction of the City, KAMG will meet with City Manager's staff and discuss our Phase 1 findings, identify specific tasks for Phase 2 and submit subsequent fee proposals for addressing Phase 2.

STAFF ASSIGNED

For this engagement, I will personally supervise all aspects of the proposed Work Plan. KAMG Principal David Gruchow will serve as Project Manager and will be the City's primary point of contact. Our resumes are attached to this proposal.

PROFESSIONAL FEES AND TERM

KAMG proposes to provide Phase 1 services to the City of Costa Mesa on a time and material basis for a fee not to exceed EIGHT THOUSAND DOLLARS (\$8,000), subject to any modification for additional work that you may request. KAMG would bill the City on a monthly basis and would utilize the following hourly rates:

President/CEO	\$235/hr.
Principal	\$195/hr.

The term of this proposed Agreement would be 60 days from the date of execution, unless extended by written authorization from the City Manager.

CONCLUSION

KAMG looks forward to working with the City of Costa Mesa to perform an organizational assessment of the Purchasing operation. You may contact me directly at (714) 837-7502 or at williamk@ka-mg.com if you have any questions or would like to discuss this proposal further.

If this proposal is acceptable to you, please sign and date in the space provided below and return to me.

Sincerely,

KELLY ASSOCIATES MANAGEMENT GROUP, LLC



William R. Kelly
President/CEO

The City of Costa Mesa agrees to retain Kelly Associates Management Group LLC to perform and organizational assessment of the Finance Department's Purchasing operation, pursuant to the foregoing Proposal.

Ms. Tamara Letourneau
Assistant Chief Executive Officer

Date



Resume of

William R. "Bill" Kelly

President/CEO

Education

- Doctoral Studies in Executive Management, Claremont Graduate University
- Executive Masters of Business Administration, Claremont Graduate University
- Masters of Arts in Management, Claremont Graduate University
- Masters of Public Administration, University of Southern California
- Bachelor of Science - Urban Planning, California State Polytechnic University-Pomona

Qualifications

William R. (Bill) Kelly is President/CEO of Kelly Associates Management Group LLC where he specializes in the areas of organizational management, economic development, redevelopment, and city planning. Mr. Kelly also served as the Chief Operating Officer for Urban Futures, Inc. for four years where he consulted with many local agencies. Prior to that, he was the City Manager of the City of Arcadia and Executive Director of the Redevelopment Agency for 14 years and also held positions of Deputy City Manager, Director of Community Development, Director of Development Services, and Director of Planning and Building for several California municipalities.

Mr. Kelly is an Adjunct Professor at the University of Southern California, Price School of Public Policy and is also a POST certified instructor for statewide Police Team Building.

Project Experience

- President/CEO, *Kelly Associates Management Group LLC*
- Chief Operating Officer, *Urban Futures Inc.*
- City Manager, *City of Arcadia*
- Principal, *GRC Consulting Inc.*
- Deputy City Manager/Community Development Director, *City of Burbank*
- Director of Development Services, *City of Brea*
- Director of Community Development/Public Works, *City of Baldwin Park*
- Director of Planning and Building, *City of San Bruno*
- City Planner, *City of Glendora*
- Vice Chair/Member, *State of California Law Enforcement Telecommunications Commission*
- Chair/Vice Chair/Member, *Los Angeles County Emergency Services Commission*
- Adjunct Faculty, *University of Southern California - Price School of Public Policy*
- Adjunct Faculty, *California State University, Long Beach - Graduate School of Public Policy*
- Adjunct Assistant Professor, *California State University, San Francisco - Graduate Program in Environmental Planning*



Resume of

David A. Gruchow

Principal

Education

- Master of Public Administration,
California State University, Long Beach
- Bachelor of Arts – Political
Science/Public Administration,
California State University, Long Beach

Qualifications

David Gruchow has consulted to public sector clients since 2009 after a 33-year career in city government. For the first 16 years, he held staff and management positions in several departments in the City of Long Beach. For the last 17 years, he served as Assistant City Manager and Assistant Redevelopment Agency Executive Director for the City of Yorba Linda. Mr. Gruchow also served as a Principal with Urban Futures, Inc. for two and a half years specializing in redevelopment and economic development.

In addition to his extensive knowledge of government finance and management practices, Mr. Gruchow's major strength lies in his ability to pull together and manage teams of people to address complex problems. His active involvement in several high-profile development projects in Yorba Linda makes him a key member of the project team.

Project Experience

- Principal, *Kelly Associates Management Group LLC*
- Principal, *Urban Futures Inc.*
- Assistant City Manager/Assistant Redevelopment Agency Executive Director, *City of Yorba Linda*
- Administrative Officer – Public Works, *City of Long Beach*
- Executive Assistant to the City Manager, *City of Long Beach*
- Senior Administrative Analyst, *City of Long Beach*
- Recreation Leader, *City of Long Beach*