

**CITY OF HERCULES
PROFESSIONAL SERVICES AGREEMENT**

This Agreement ("**Agreement**") for professional services is made on August 1, 2018, between the City of Hercules, a California municipality ("**City**"), and Management Partners, an Ohio Corporation ("**Consultant**").

1. Scope of Services. Consultant will provide to City the professional services described in the Scope of Services, attached as **Attachment A** and incorporated in this Agreement (the "**Services**"). Only the City Council or the City Manager may authorize any change or addition to the Scope of Services specified in Attachment A.

2. Term. This Agreement will become effective on August 1, 2018 ("**Effective Date**"), and will terminate upon the full and satisfactory completion of the Services or as otherwise specified in Attachment A, unless terminated sooner in accordance with Section 10 of this Agreement. Time is of the essence with respect to all provisions of this Agreement that specify a time for performance.

3. Compensation. For the full and satisfactory completion of the Services, City will pay Consultant in an amount not to exceed **Fifty Thousand Dollars** (\$50,000), without prior written authorization by City, pursuant to the terms set forth in **Attachment A** on Payment, which is attached to and incorporated in this Agreement. Consultant's compensation is intended to encompass all costs required for performing the Services, including overhead and indirect costs. Except as expressly provided in Attachment A, Consultant will not be entitled to reimbursement for expenses it incurs to provide the Services.

3.1 Payment. City will pay Consultant for Services satisfactorily provided during each calendar month within 30 days following City receipt and approval of a detailed invoice. The invoice must include, at a minimum: a description of the specific Services provided; the name of the individual providing the Services; the date(s) upon which the Services were provided; the time spent providing the Services; the amount due for the Services; and the basis for calculating the amount due.

3.2 Additional Services. If the City requests related services beyond the Scope of Services described in Attachment A, the Consultant will provide City a written estimate for the additional services ("**Additional Services**"). Consultant will not provide Additional Services until Consultant has received written authorization from the City to perform the Additional Services. Consultant will not be entitled to payment for Additional Services performed without City's prior written authorization or for costs to correct Consultant's errors or omissions.

4. Independent Contractor. The Parties agree that Consultant will act as an independent contractor under this Agreement and will have control of its work and the manner in which the Services are performed. Consultant is not an employee of City and is not entitled to participate in any health, retirement, or similar employee benefits from the City.

5. Consultant's Warranties.

5.1 Consultant warrants that all Services provided under this Agreement will be performed in accordance with generally accepted professional practices and standards for Consultant's profession in the Bay Area.

5.2 Consultant warrants that all Services provided under this Agreement will be performed in accordance with applicable federal, state, and local laws and regulations, including, but not limited to, conflict of interest laws and City ordinances and policies.

5.3 Consultant warrants that Consultant has no present interest which would conflict in any manner with the performance of Services on the City's behalf.

5.4 Consultant warrants that it will comply with the City's Nepotism and Cronyism Policy.

6. Notice. Any notice, billing, or payment required by this Agreement must be made in writing, and sent to the other Party by personal delivery, U.S. Mail, a reliable overnight delivery service, or by email as a PDF (or comparable) file. Notice is effective upon delivery unless otherwise specified. Notice for each Party will be given as follows:

City:

City of Hercules
111 Civic Drive
Hercules, CA 94547
(510) 799-8200
Attn: City Clerk

Copy to: Clarisse Saechao
Email: ACSaechao@ci.hercules.ca.us

Consultant:

Management Partners
2107 North First Street, Ste.470
San Jose, CA 95131
Phone: (408)437-5400
Attn: Gerald Newfarmer

Copy to: Greg Larson
Email: glarson@managementpartners.com

7. Indemnity. Subsection 7.1 is not applicable to this Agreement if Consultant's Services are "design professional" services as that term is used and defined in Civil Code section 2782.8. Subsection 7.2 is applicable to this Agreement if Consultant's Services are "design professional" services as used and defined in Civil Code section 2782.8.

7.1 To the full extent permitted by law, Consultant will indemnify, defend with counsel acceptable to City, and hold harmless City, its governing body, officers, agents, employees, and volunteers (collectively, "**City Indemnitees**") from and against any and all liability, demands, loss, damage, claims, settlements, expenses, and costs (including, without limitation, attorney fees, expert witness fees, and costs and fees of litigation) (collectively, "**Liability**") of every nature arising out of or in connection with Consultant's acts or omissions with respect to this Agreement, except such Liability caused by the active negligence, sole negligence, or willful misconduct of any of the City Indemnitees. This indemnification obligation is not limited by any limitation on the amount or type of damages or compensation payable under Workers' Compensation or other employee benefit acts, or by insurance coverage limits, and will survive the expiration or early termination of this Agreement. This Subsection 7.1 does not apply if the Services to be provided

under this Agreement are design professional services provided by a licensed architect, landscape architect, professional engineer, or professional land surveyor.

7.2 To the full extent permitted by law, Consultant will indemnify, defend, and hold harmless City, its City Council, officials, officers, agents, employees, and volunteers from and against any and all liability, loss, damage, claims, expenses and costs (including, without limitation, attorney fees and costs and fees of litigation) (collectively, "**Liability**") of every nature which arises out of, pertains to, or relates to the negligence, recklessness, or willful misconduct of Consultant in the performance of this Agreement, except such Liability caused by the active negligence, sole negligence or willful misconduct of City. This indemnification obligation is not limited by any limitation on the amount or type of damages or compensation payable under Workers' Compensation or other employee benefit acts, or by insurance coverage limits, and will survive the expiration or early termination of this Agreement. This Subsection 7.2 is applicable if the Services to be provided under this Agreement are design professional services provided by a licensed architect, landscape architect, professional engineer, or professional land surveyor.

8. Insurance. Before providing any Services under this Agreement, Consultant is required to procure and provide proof of the insurance coverage required by this Section in the form of certificates and endorsements. Each certificate of insurance must state that the coverage afforded by the policy or policies will not be reduced, cancelled or allowed to expire without at least 30 days written notice to City, unless due to nonpayment of premiums, in which case at least 10 days written notice will be made to City. The required insurance must cover the activities of Consultant and its employees or subcontractors relating to or arising from the performance of the Services, and must remain in full force and effect at all times during the term of the Agreement. All required insurance must be issued by an insurer licensed to do business in the State of California, and each such insurer must have an A.M. Best financial strength rating of "A" or better and a financial size rating of "VIII" or better. If Consultant fails to provide any of the required coverage, City may, at its sole discretion, purchase such coverage at Consultant's expense and deduct the cost from payments due to Consultant.

8.1 The following insurance policies and limits are required for this Agreement:

8.1.1 Commercial General Liability Insurance ("CGL"). CGL insurance issued on an occurrence basis, including coverage of liability arising from Consultant's acts or omissions in the performance of Services under this Agreement, with limits of at least \$1,000,000.00 per occurrence.

8.1.2 Automotive. Commercial automotive liability coverage for owned, non-owned and hired vehicles must provide coverage of at least \$1,000,000.00 combined single limit per accident for bodily injury, death, or property damage.

8.1.3 Workers' Compensation Insurance and Employer's Liability. The policy must comply with the requirements of the California Workers' Compensation Insurance and Safety Act, with limits of at least \$1,000,000.00. If Consultant is self-insured, Consultant must provide its duly authorized Certificate of Permission to Self-Insure.

8.1.4 Professional Liability. This insurance must insure against Consultant's errors and omissions in the provision of Services under this Agreement, in an amount no less than \$1,000,000.00 combined single limit.

8.2 Subrogation Waiver. Each required policy must include an endorsement that the insurer agrees to waive any right of subrogation it may have against City or the City's insurers.

8.3 The CGL policy and the automotive liability policy must include the following endorsements:

(1) The City, including its Council, officials, officers, employees, agents, volunteers and consultants (collectively, "**Additional Insured**") must be named as an additional insured for all liability arising out of the operations by or on behalf of the named insured, and the policy must protect the Additional Insured against any and all liability for personal injury, death or property damage or destruction arising directly or indirectly in the performance of the Agreement.

(2) The inclusion of more than one insured will not operate to impair the rights of one insured against another, and the coverages afforded will apply as though separate policies have been issued to each insured.

(3) The insurance provided is primary and no insurance held or owned by City will be called upon to contribute to a loss.

(4) Any umbrella or excess insurance must contain or be endorsed to contain a provision that such coverage will also apply on a primary or non-contributory basis for the benefit of City before the City's own insurance or self-insurance will be called upon to protect it as a named insured.

9. Dispute Resolution. In the event that any dispute arises between the Parties in relation to this Agreement, the Parties agree to meet face to face as soon as possible to engage in a good faith effort to resolve the matter informally. In the event that any dispute arises between the Parties in relation to this Agreement, and the dispute is not resolved by informal discussions, the Parties agree to submit the dispute to mediation.

9.1 Either Party may give written notice to the other Party of a request to submit a dispute to mediation, and a mediation session must take place within 60 days after the date that such notice is given, or sooner if reasonably practicable. The Parties will jointly appoint a mutually acceptable mediator. The Parties further agree to share equally the costs of the mediation, except costs incurred by each Party for representation by legal counsel.

9.2 Good faith participation in mediation pursuant to this Section is a condition precedent to either Party commencing litigation in relation to the dispute.

10. Early Termination.

10.1 Termination for Convenience. City may terminate this Agreement for convenience by giving 10 calendar days written notice to Consultant. In the event City elects to terminate the Agreement without cause, it will pay Consultant for Services satisfactorily provided up to that date.

10.2 Termination for Cause. If either Party breaches this Agreement by failing to timely or satisfactorily perform any of its obligations or otherwise violates the terms of this Agreement, the other Party may terminate this Agreement by giving written notice five calendar days prior to the effective date of termination, specifying the reason and the effective date of the termination. Consultant will be entitled to payment for all Services satisfactorily provided up to the effective date of termination, except that the City may deduct from that payment the amount of costs the City incurred, if any, because of Consultant's breach of the Agreement.

11. Work Product. City will be the sole owner of all rights to any work product in any form which has been prepared by Consultant on City's behalf pursuant to this Agreement, unless otherwise specified in writing by the Parties.

12. Records. Unless otherwise specified in Attachment A, Consultant will maintain records related to this Agreement for a period of four years from expiration or termination of this Agreement, including records of the Services performed, on a daily basis if necessary. Consultant's accounting systems will conform to generally accepted accounting principles, and all records will provide a breakdown of total costs charged under this Agreement, including properly executed payrolls, time records, invoices, and vouchers. Consultant will permit City to inspect and examine Consultant's books, records, accounts, and any and all data relevant to this Agreement at any reasonable time.

13. General Provisions.

13.1 Assignment and Successors. Consultant may not assign its rights or obligations under this Agreement, in part or in whole, without City's written consent. This Agreement is binding on Consultant's and City's lawful heirs, successors, and permitted assigns.

13.2 Third Party Beneficiaries. There are no intended third-party beneficiaries to this Agreement.

13.3 Nondiscrimination. Consultant will not discriminate in the employment of persons under this Agreement because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition, disability, or other prohibited basis. All nondiscrimination rules or regulations required by law to be included in this Agreement are incorporated by this reference.

13.4 Choice of Law and Venue. This Agreement will be governed by California law, and venue will be in the Superior Court of Contra Costa County, and no other place.

13.5 Integration. This Agreement and the documents incorporated in this Agreement constitute the final, complete, and exclusive terms of the agreement between the City and the Consultant.

13.6 Severability. If any provision of this Agreement is determined to be illegal, invalid, or unenforceable, in part or in whole, the remaining provisions of the Agreement will remain in full force and effect.

13.7 Amendment. No amendment or modification of this Agreement will be binding unless it is in a writing duly authorized and signed by the Parties to this Agreement.

13.8 Provisions Deemed Inserted. Every provision of law required to be inserted in this Agreement will be deemed to be inserted, and this Agreement will be construed and enforced as though included. If it is discovered that through mistake or otherwise that any required provision is not inserted, or not correctly inserted, this Agreement will be amended to make the insertion or correction.

13.9 Precedence. If any provision in any document attached to or incorporated in this Agreement conflicts with or is inconsistent with the provisions set forth in the body of this Agreement, the provisions set forth in the body of this Agreement will control over any such conflicting or inconsistent provisions.

13.10 Waiver. No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement will be effective unless it is in writing and signed by the Party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy will be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor will any waiver constitute a continuing waiver unless the writing so specifies.

13.11 Force Majeure. If either Party is delayed or hindered in or prevented from the performance of any act required under this Agreement because of strikes, lockouts, inability to procure labor or materials, failure of power, riots, insurrection, war, fire or other casualty, or other reason beyond the reasonable control of the Party delayed, excluding financial inability ("**Force Majeure Event**"), performance of that act will be excused for the period during which the Force Majeure Event prevents such performance, and the period for that performance will be extended for an equivalent period. Delays or failures to perform resulting from lack of funds will not be Force Majeure Events.

13.12 Headings. The headings in this Agreement are included for convenience only and will not affect the construction or interpretation of any provision in this Agreement or any of the rights or obligations of the Parties to this Agreement.

13.13 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument.

13.14 Authorization. Each individual signing below warrants that he or she is authorized to do so by the Party that he or she represents, and that this Agreement is legally binding on that Party. If Consultant is a corporation, signatures from two officers of the corporation are required pursuant to California Corporation Code section 313.

[Signature page follows.]

The Parties agree to this Agreement as witnessed by the signatures below:

CITY:

s/ Michael Roberts

David Biggs, City Manager (Acting)
Mike Roberts

Date: 9/7/18

Approved as to form:

s/ Patrick Tang

Patrick Tang, City Attorney

Date: 8-29-18

Attest:

s/ _____

Name/Title

Date: _____

CONTRACTOR: Management Partners

s/ Gerald E. Newfarmer

Gerald E. Newfarmer, President and CEO

Date: 8-21-18

s/ Amy C. Paul

Amy C. Paul, Vice President and Treasurer

Date: 8/23/2018

Attachments:

Attachment A: Scope of Services & Payment

Attachment A
SCOPE OF SERVICES & PAYMENT

< Details Attached on Following Page.>



ATTACHMENT A

July 30, 2018

Mr. David Biggs
City Manager
City of Hercules
111 Civic Drive
Hercules, CA 94547

Dear Mr. Biggs:

Thank you for the opportunity to submit a proposal to provide financial management consulting assistance to the City of Hercules. Management Partners has the expertise and skills necessary to provide this assistance and we would be pleased to do so.

About Management Partners

Management Partners was founded in 1994 with a specific mission to help local government leaders improve their service to the public. Since then we have worked with cities, counties, towns, and special districts of all sizes across the United States to help them work more effectively and run more efficiently.

We offer a balance of perspectives with a practitioner's bias and a proven track record of successful consulting engagements. This experience gives us a sensitivity that produces positive outcomes. We are proud to say that as a result of our quality work, many of our clients ask us to complete subsequent assignments.

- » *We Know Local Government.* Our associates have served in local governments, so we have a deep understanding of the operating and political environments in which you work.
- » *We Take a Collaborative Approach.* We consider ourselves part of your team and strive to ensure our work supports your overall corporate strategy and goals.
- » *We Have Extensive Experience.* Each of our more than 80 associates is an expert in one or more service areas, and our firm has assisted hundreds of jurisdictions in 42 states.
- » *We Have Developed Proven Methodologies.* We understand the importance of a holistic approach to improving organizations, using field-tested techniques for each aspect of the work.

- » *Our Work Plan is Tailored to Your Needs.* Each of our projects is individually tailored to our client's unique needs, starting with a careful learning process.
- » *We Take Pride in the Quality of Our Work.* Our internal processes ensure first-rate, complete staff work and adherence to the highest of ethical standards in public service.
- » *We Are Focused on Implementation.* As practitioners, our recommendations make practical sense and are able to be implemented.
- » *We Provide a Full Suite of Services.* Management Partners' services include everything required to support local government leaders, including organization assessments, performance management, process improvement, strategic planning, and financial planning, budgeting and analysis.

Understanding of the Engagement

The City of Hercules has a need for expert consulting and project management assistance from Management Partners in finance.

The following scope of work describes the expert consulting services desired from Management Partners.

- » Provide expert advice on the process of year-end financial close.
- » Provide expert advice on initiation of and preparation for the annual financial audit.
- » Provide expert review and recommendations on financial procedures.

The City anticipates needing Management Partners assistance for up to three months to carry out this scope of work. Our consultants will determine the method and manner of carrying out the work, including scheduling onsite or offsite hours and determining when other experts from the firm are needed to assist with a project in order to meet project requirements. Matters pertaining to personnel, such as supervision, direction, discipline, hiring, or evaluations, are not part of the scope or work, nor are execution of contracts or other written documents obligating the City. All such items will be the responsibility of the City. Management Partners will provide periodic reports to the City of Hercules summarizing the consulting assistance our firm has provided.

Consultants

We have a team of experts available for this engagement. We will assign Sandra Sato as our lead consultant. Her qualifications are shown below. Other Management Partners consultants will be assigned on an as needed basis, within the budget specified by the contract, and with authorization by the City. Our commitment is to provide high quality project assistance to the City of Hercules.

Our consultants are employed by Management Partners and work for and at the direction of Management Partners. Sandra Sato and all of our consultants report to Andrew Belknap,

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Regional Vice President of Management Partners. Additionally, our consultants are part of our overall team and are available for assignments on other engagements, consistent with our responsibility to the City of Hercules, at the discretion of Management Partners.

Management Partners provides all insurance (including workers compensation, liability and professional errors and omissions), training and administrative support (including company equipment such as phones and computers) as necessary during the assignment. Our consultants use their Management Partners business cards and email address and will identify themselves as consultants with our firm. Our consultants will only use City systems and equipment if required to access data and information essential for our consulting engagement. Such instances will be authorized by Andrew Belknap or his designee from Management Partners. The City may provide conference room or office space if needed when our consultants are working onsite. It is important to the City, our consultants and our firm to be clear that we are doing this work for the City as a firm and that our consultants work for Management Partners.

Sandra Sato, Special Advisor

Sandra joined Management Partners after nearly 30 years of service in local government in a variety of fiscal management positions including internal audit, administrative services director, treasurer, and finance director. Sandra has demonstrated skills in a variety of financial management areas including accounting, audit, budget, financial reporting, debt administration, treasury, and managing the financial operations and budget for water and wastewater utilities. Sandra has successfully managed three software and hardware financial systems conversions during her career, and has developed succession plans in financial services departments experiencing retirements and turnover. She has worked for a variety of agencies including Solano County, Suisun City, Town of Windsor (formerly Windsor Water District), and the cities of Oroville and Oakland.

Other Experts

Among our many other consultants who will be available to provide assistance on the engagement are the individuals listed below.

- » Hossein Golestan, Special Advisor (Finance)
- » Rick Rivera, Management Analyst

Fee Proposal and Term of Engagement

We propose an initial not-to-exceed contract in the amount of \$50,000 which would provide funds for approximately three months. Management Partners will provide management consulting services at an hourly rate plus travel expenses. During this engagement, the actual consultant hours will be paid by the City of Hercules at a rate of \$130 per hour plus travel expenses for our lead consultant, Sandra Sato. This is a discounted rate in recognition of the anticipated length of the engagement. Other consultants will be provided at their regular hourly rates plus travel expenses, ranging from \$85 to \$250 per hour depending on the individual assigned to the project.

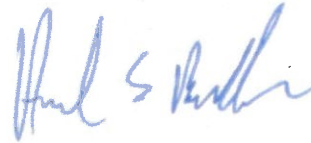
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Conclusion

We appreciate the opportunity to be of assistance to the City of Hercules. Please feel free to contact either Jan Perkins (949-2028870) or me if you have any questions about this proposal.

Sincerely,



Andrew S. Belknap
Regional Vice President

Accepted for City of Hercules by:

Name: _____

Title: _____

Date: _____

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