

## DocuSign City Manager Approval Transmittal Coversheet

Contract	6007
File Name	Professional Services Contract for Indirect Cost Allocation Review with NewGen Strategies
Purchasing Contact	Karen Smith

**PROFESSIONAL SERVICES AGREEMENT  
FOR INDIRECT COST ALLOCATION PLAN REVIEW  
PSA 6007**

STATE OF TEXAS           §

COUNTY OF DENTON       §

THIS AGREEMENT is made and entered into 12/23/2015, by and between the City of Denton, Texas, a Texas municipal corporation, with its principal office at 215 East McKinney Street, Denton, Denton County, Texas 76201, hereinafter called "OWNER" and NewGen Strategies & Solutions, with its corporate office at 1300 E. Lookout Drive, Suite 100, Richardson, TX 75082, hereinafter called "CONSULTANT," acting herein, by and through their duly authorized representatives.

WITNESSETH, that in consideration of the covenants and agreements herein contained, the parties hereto do mutually agree as follows:

**ARTICLE I  
EMPLOYMENT OF CONSULTANT**

The OWNER hereby contracts with the CONSULTANT, as an independent contractor, and the CONSULTANT hereby agrees to perform the services herein in connection with the Project as stated in the sections to follow, with diligence and in accordance with the highest professional standards customarily obtained for such services in the State of Texas. The professional services set out herein are in connection with the following described project:

The Project shall include, without limitation, (herein describe project)

**ARTICLE II  
SCOPE OF SERVICES**

The CONSULTANT shall perform the following services in a professional manner:

- A. The CONSULTANT shall perform all those services as necessary and as described in the OWNER's N/A (describe any request for proposal which the OWNER has utilized to solicit the CONSULTANT's services), which is attached hereto as Exhibit "A" and is incorporated by reference as if set forth fully herein.
- B. To perform all those services set forth in CONSULTANT's Proposal dated November 3, 2015 which proposal is attached hereto as Exhibit "B" and is incorporated by reference as if set forth fully herein.
- C. CONSULTANT shall perform all those services set forth in individual tasks below:

### **Task 1 – Project Kick-off Meeting**

NewGen will work with the City to schedule a kick-off meeting. The primary reason for the kick-off meeting is to allow the key Project Team consultants and City stakeholders to be introduced and lay the general framework for how the study will be conducted. This meeting will allow for the finalization of the proposed work approach, as well as discuss and clarify the issues to be addressed in revising the existing cost allocation methodologies. So as to reduce the cost to the City, Tasks 1 and 3 may be conducted simultaneously.

In conducting the study, the Project Team proposes to continue to use the Step Method, also known as the Double-Step Method, of allocation. In our opinion, this method provides the greatest accuracy in allocation relative to the cost of development and administration. During the project kick-off meeting, the Project Team will discuss the Step Allocation method with the Staff participants and answer any questions that may arise regarding the allocation methodology.

### **Task 2 – Development of Data Request**

The Project Team will develop an initial data request that we will need to adequately conduct the analyses required to revise the current CAM. NewGen will issue the initial data request within two days of the kick-off meeting.

### **Task 3 – Department Head Interviews and Follow-up Data Requests**

To ensure that Project Team members fully understand the operations of each of the City's Departments and the activities conducted for which fees are charged, Project Team members will conduct face-to-face meetings with the Director of each of the City's major departments, and other departmental employees as deemed appropriate by the Director. These interviews will consist of informal conversations in which the Project Team will seek to understand the department's operations, changes in operations subsequent to the 2012 study, changes in departmental organizations subsequent to the last update, and specific budgeted program responsibilities so as to establish the most appropriate cost causal allocation factors. Such factors may include, but not be limited to: the number of invoices or purchase orders processed; the number of contracts awarded or administered; square footage, number of full time equivalent positions, etc. These meetings will be conducted over a three to four day timeframe. Should follow-up interviews be needed, these will be conducted via teleconference. Current allocation factor development will be discussed along with alternative data that may be used in the development of new, more streamlined allocation factors.

Upon completion of the department head/program manager interviews, the Project Team will prepare a supplemental request for information to obtain any additional information needed to further identify direct and/or indirect costs and to prepare appropriate allocation factors. It is anticipated that this request will be provided to the City within

five days of the completion of the interviews. Gathering the data requested will be the responsibility of the appropriate city employees as designated by City management personnel.

#### **Task 4 – Identification of Direct and Indirect Costs**

Upon completion of the department head interviews, the Project Team will identify the direct and indirect costs provided by each department (or program as required). During this process, the Project Team will ensure that no direct costs will be included as indirect costs and vice-versa in the allocation process.

#### **Task 5 – Determination of Direct and Indirect Cost Allocations**

It is NewGen’s understanding that some of the allocation metrics developed in the 2012 study will need to be streamlined to provide ease of annual development. With that directive in mind, and the discussion held in Task 3, NewGen Project Team members will identify and determine the most appropriate cost allocation factor for each line-item of the department’s/program’s budget as well as alternative methodologies that provide ease of annual updates with an acceptable level of accuracy.

#### **Task 6 – Summary Matrix of Costs and Cost Allocation Factors**

Once the appropriate cost allocation factors have been identified, the Project Team will develop a summary matrix, illustrating a summary of the expenditures for each “Service Department” and the total amounts allocated to and across each “End-User Department.” In addition, NewGen will provide a description of the cost allocation factors that were used, instructions on the annual development of such factors and the specific budgetary components impacted.

#### **Task 7 – Draft Report**

The Project Team will develop a draft report summarizing findings and recommendations with respect to the development of a revised CAM. NewGen is committed to ensuring that the City thoroughly understands the recommendations in the draft report and will be available to discuss findings, answer questions, and receive input. The Project Team will discuss the findings to City Staff and ensure that these individuals have enough time to address their concerns and/or questions.

#### **Task 9– Final Report and Presentations**

Upon receipt of City Staff recommendations and comments, the Project Team will make appropriate changes and provide the City with the final report. After completion of the final report, the Project Team will be prepared to make a presentation concerning the findings before the City Council or other designated City group.

### **Task 10 -Computerized Model and Training**

The development of the Cost Allocation Model will occur throughout the course of the project and will be provided using Microsoft Excel, version 2013. Project Team Members will deliver the model to City Staff within 30 days of the final project presentation and conduct an up-to four hour training session on the model's operation at a time determined by the City.

### **Task 11 – Optional Development of Cost Allocation for IT Internal Services Fund**

NewGen understands that the City may wish to streamline the current cost allocation methodology used by the IT Internal Service Fund for cost recovery from all other City departments and utility services. We have reviewed the current methodology and have already identified certain costs areas that may not need to be identified and charged at the level of specificity that currently is computed.

If authorized to proceed with this optional task, and during our interviews with City Departmental employees, we will include discussions of how the current IT charges are used by each department, and where such charges may be aggregated. From these discussions, we will develop a streamlined approach for discussion with City Staff.

If our recommendations are approved, we will develop an Excel based model that can be used by the IT Internal Service Fund to affect computations utilizing the fully vetted, streamlined approach. This Model will continue to be separate from the CAM used for allocating the General Fund expenditures.

### **Deliverables**

Upon completion of the proposed study, we will provide the City with the following:

#### 1. Cost Allocation Plan

##### ➤ Draft Electronic Model

- Presented within 120 days of notification of award, given the timely receipt of the requested data, an electronic copy of the draft cost allocation electronic model will be provided for the City's review and comment that summarizes the Project Team's findings and recommendations. This model will be a rebuild of the existing cost allocation model to take into account in increased functionality of Microsoft's 2013 version of Excel.

##### ➤ Draft Report

- Presented within one week of review of draft cost allocation electronic model so as to include any changes in the draft cost allocation electronic model.

##### ➤ Final Report

- The Final Report and Final Electronic Model will be presented to the City after receipt of the City's comments on both the draft model and draft report.

- Presentation of study results to City Council, if required.
- Meetings
- Pricing reflects a total of two on-site meetings, exclusive of Department Head meetings. Additionally requested meetings will be provided at time and expense.
- Cost Allocation Model
- Two copies on CD of the updated CAM written in the 2013 version of Microsoft Excel.
  - A four hour training session on-site with live installed model.
2. Optional Services Associated with IT Internal Service Fund
- Draft outline of streamlined approach to allocating IT Internal Service Fund expenditures.
  - Draft Electronic IT Fund Model.
  - Inclusion of IT Fund results in the Draft Report.
  - Inclusion of IT Fund results in the Final Report.
  - A four hour training session for IT employees on use of the Model.
- D. If there is any conflict between the terms of this Agreement and the exhibits attached to this Agreement, the terms and conditions of this Agreement will control over the terms and conditions of the attached exhibits or task orders.

**ARTICLE III**  
**ADDITIONAL SERVICES**  
**(To Be Used if Consultant is an Engineer)**

Section not Applicable

**ARTICLE III**  
**ADDITIONAL SERVICES**

Additional services to be performed by the CONSULTANT, if authorized by the OWNER, which are not included in the above-described Basic Services, are described as follows: (list all additional services that may be required for the project)

A.

**ARTICLE IV**  
**PERIOD OF SERVICE**

This Agreement shall become effective upon execution of this Agreement by the OWNER and the CONSULTANT and upon issue of a notice to proceed by the OWNER, and shall remain in force for the period which may reasonably be required for the completion of the Project, including Additional Services, if any, and any required extensions approved by the OWNER. This Agreement may be sooner terminated in accordance with the provisions hereof. Time is of the essence in this Agreement. The CONSULTANT shall make all reasonable efforts

to complete the services set forth herein as expeditiously as possible and to meet the schedule established by the OWNER, acting through its City Manager or his designee.

**ARTICLE V**  
**COMPENSATION**

A. COMPENSATION TERMS:

1. "Subcontract Expense" is defined as expenses incurred by the CONSULTANT in employment of others in outside firms for services in the nature of       N/A      .
2. "Direct Non-Labor Expense" is defined as that expense for any assignment incurred by the CONSULTANT for supplies, transportation and equipment, travel, communications, subsistence, and lodging away from home, and similar incidental expenses in connection with that assignment.

B. BILLING AND PAYMENT: For and in consideration of the professional services to be performed by the CONSULTANT herein, the OWNER agrees to pay, based on the cost estimate detail in Exhibit "B" which is attached hereto and is incorporated by reference as if set forth fully in this Agreement, a total fee, including reimbursement for direct non-labor expenses not to exceed \$57,000 for Revised Cost Allocation Module and \$12,000 for the optional Technology Services Internal Service fun Cost Allocation Module.

Partial payments to the CONSULTANT will be made on the basis of detailed monthly statements rendered to and approved by the OWNER through its City Manager or his designee; however, under no circumstances shall any monthly statement for services exceed the value of the work performed at the time a statement is rendered. The OWNER may withhold the final five percent (5%) of the contract amount until completion of the Project.

Nothing contained in this Article shall require the OWNER to pay for any work which is unsatisfactory, as reasonably determined by the City Manager or his designee, or which is not submitted in compliance with the terms of this Agreement. The OWNER shall not be required to make any payments to the CONSULTANT when the CONSULTANT is in default under this Agreement.

It is specifically understood and agreed that the CONSULTANT shall not be authorized to undertake any work pursuant to this Agreement which would require additional payments by the OWNER for any charge, expense, or reimbursement above the maximum not to exceed fee as stated, without first having obtained written authorization from the OWNER. The CONSULTANT shall not proceed to perform the services listed in Article III "Additional Services," without obtaining prior written authorization from the OWNER.

C. ADDITIONAL SERVICES: For additional services authorized in writing by the OWNER in Article III, the CONSULTANT shall be paid based on the Schedule of Charges at an hourly rate shown in Exhibit "C." Payments for additional services shall

be due and payable upon submission by the CONSULTANT, and shall be in accordance with subsection B hereof. Statements shall not be submitted more frequently than monthly.

- D. **PAYMENT:** If the OWNER fails to make undisputed payments due the CONSULTANT for services and expenses within thirty (30) days after receipt of the CONSULTANT's undisputed statement thereof, prompt payment act interest as set forth in Chapter 2251 of the Texas Government Code shall be paid on the amounts due the CONSULTANT. In addition, the CONSULTANT may, if it has not received payment by the thirty-first (31<sup>st</sup>) day after receipt of payment, after giving ten (10) days' written notice to the OWNER, suspend services under this Agreement until the CONSULTANT has been paid in full all amounts due for services, expenses, and charges, provided, however, nothing herein shall require the OWNER to pay prompt payment act interest if the OWNER has a bona fide dispute with the CONSULTANT concerning the payment or if the OWNER reasonably determines that the work is unsatisfactory, in accordance with this Article V, "Compensation."

**ARTICLE VI**  
**OBSERVATION AND REVIEW OF THE WORK**

The CONSULTANT will exercise reasonable care and due diligence in discovering and promptly reporting to the OWNER any defects or deficiencies in the work of the CONSULTANT or any subcontractors or subconsultants.

**ARTICLE VII**  
**OWNERSHIP OF DOCUMENTS**

All documents prepared or furnished by the CONSULTANT (and CONSULTANT's subcontractors or subconsultants) pursuant to this Agreement are instruments of service, and shall become the property of the OWNER upon the termination of this Agreement. The CONSULTANT is entitled to retain copies of all such documents. The documents prepared and furnished by the CONSULTANT are intended only to be applicable to this Project, and OWNER's use of these documents in other projects shall be at OWNER's sole risk and expense. In the event the OWNER uses any of the information or materials developed pursuant to this Agreement in another project or for other purposes than specified herein, CONSULTANT is released from any and all liability relating to their use in that project.

**ARTICLE VIII**  
**INDEPENDENT CONTRACTOR**

CONSULTANT shall provide services to OWNER as an independent contractor, not as an employee of the OWNER. CONSULTANT shall not have or claim any right arising from employee status.



**ARTICLE IX**  
**INDEMNITY AGREEMENT**

The CONSULTANT shall indemnify and save and hold harmless the OWNER and its officers, agents, and employees from and against any and all liability, claims, demands, damages, losses, and expenses, including, but not limited to court costs and reasonable attorney fees incurred by the OWNER, and including, without limitation, damages for bodily and personal injury, death and property damage, resulting from the negligent acts or omissions of the CONSULTANT or its officers, shareholders, agents, or employees in the execution, operation, or performance of this Agreement.

Nothing in this Agreement shall be construed to create a liability to any person who is not a party to this Agreement, and nothing herein shall waive any of the parties' defenses, both at law or equity, to any claim, cause of action, or litigation filed by anyone not a party to this Agreement, including the defense of governmental immunity, which defenses are hereby expressly reserved.

**ARTICLE X**  
**INSURANCE**

During the performance of the services under this Agreement, CONSULTANT shall maintain the following insurance with an insurance company licensed to do business in the State of Texas by the State Insurance Commission or any successor agency that has a rating with Best Rate Carriers of at least **AVII or better**:

- A. Comprehensive General Liability Insurance with bodily injury limits of not less than \$500,000 for each occurrence and not less than \$500,000 in the aggregate, and with property damage limits of not less than \$100,000 for each occurrence and not less than \$100,000 in the aggregate.
- B. Automobile Liability Insurance with bodily injury limits of not less than \$500,000 for each person and not less than \$500,000 for each accident, and with property damage limits of not less than \$100,000 for each accident.
- C. Workers' Compensation Insurance in accordance with statutory requirements, and Employers' Liability Insurance with limits of not less than \$100,000 for each accident.
- D. Professional Liability Insurance with limits of not less than \$1,000,000 annual aggregate.
- E. The CONSULTANT shall furnish insurance certificates or insurance policies at the OWNER's request to evidence such coverages. The General Liability and Auto Liability insurance policies shall name the OWNER as an additional insured, and shall contain a provision that all required insurance policies shall not be canceled or modified without thirty (30) days' prior written notice to OWNER and CONSULTANT. In such event, the CONSULTANT shall, prior to the effective date of the change or cancellation, serve substitute policies furnishing the same coverage.

**ARTICLE XI**  
**ARBITRATION AND ALTERNATE DISPUTE RESOLUTION**

The parties may agree to settle any disputes under this Agreement by submitting the dispute to mediation. No mediation arising out of or relating to this Agreement may proceed without the agreement of both parties to submit the dispute to mediation. The location for the mediation shall be the City of Denton, Denton County, Texas unless a different location is agreed to by the parties.

**ARTICLE XII**  
**TERMINATION OF AGREEMENT**

- A. Notwithstanding any other provision of this Agreement, either party may terminate by giving thirty (30) days' advance written notice to the other party.
- B. This Agreement may be terminated in whole or in part in the event of either party substantially failing to fulfill its obligations under this Agreement. No such termination will be affected unless the other party is given (1) written notice (delivered by certified mail, return receipt requested) of intent to terminate and setting forth the reasons specifying the non-performance, and not less than thirty (30) calendar days to cure the failure; and (2) an opportunity for consultation with the terminating party prior to termination.
- C. If the Agreement is terminated prior to completion of the services to be provided hereunder, CONSULTANT shall immediately cease all services and shall render a final bill for services to the OWNER within thirty (30) days after the date of termination. The OWNER shall pay CONSULTANT for all services properly rendered and satisfactorily performed and for reimbursable expenses to termination incurred prior to the date of termination, in accordance with Article V "Compensation." Should the OWNER subsequently contract with a new consultant for the continuation of services on the Project, CONSULTANT shall cooperate in providing information. The CONSULTANT shall turn over all documents prepared or furnished by CONSULTANT pursuant to this Agreement to the OWNER on or before the date of termination, but may maintain copies of such documents for its use.

**ARTICLE XIII**  
**RESPONSIBILITY FOR CLAIMS AND LIABILITIES**

Approval by the OWNER shall not constitute, nor be deemed a release of the responsibility and liability of the CONSULTANT, its employees, associates, agents, subcontractors, and subconsultants for the accuracy and competency of their designs or other work; nor shall such approval be deemed to be an assumption of such responsibility by the OWNER for any defect in the design or other work prepared by the CONSULTANT, its employees, subcontractors, agents, and consultants. CONSULTANT retains design

responsibility and liability at all times during this Agreement and after completion of this Agreement.

**ARTICLE XIV**  
**NOTICES**

All notices, communications, and reports required or permitted under this Agreement shall be personally delivered or mailed to the respective parties by depositing same in the United States mail to the address shown below, certified mail, return receipt requested, unless otherwise specified herein. Mailed notices shall be deemed communicated as of three (3) days' mailing:

To CONSULTANT:

NewGen Strategies & Solutions  
Mr. Chris Ekrut  
1300 E. Lookout Dr, Suite 100  
Richardson, TX 75082

To OWNER:

City of Denton  
George C. Campbell, City Manager  
215 East McKinney  
Denton, Texas 76201

All notices shall be deemed effective upon receipt by the party to whom such notice is given, or within three (3) days' mailing.

**ARTICLE XV**  
**ENTIRE AGREEMENT**

This Agreement, consisting of 23 pages and one (1) exhibits, constitutes the complete and final expression of the agreement of the parties, and is intended as a complete and exclusive statement of the terms of their agreements, and supersedes all prior contemporaneous offers, promises, representations, negotiations, discussions, communications, and agreements which may have been made in connection with the subject matter hereof.

**ARTICLE XVI**  
**SEVERABILITY**

If any provision of this Agreement is found or deemed by a court of competent jurisdiction to be invalid or unenforceable, it shall be considered severable from the remainder of this Agreement and shall not cause the remainder to be invalid or unenforceable. In such event, the parties shall reform this Agreement to replace such stricken provision with a valid and enforceable provision which comes as close as possible to expressing the intention of the stricken provision.

**ARTICLE XVII**  
**COMPLIANCE WITH LAWS**

The CONSULTANT shall comply with all federal, state, and local laws, rules, regulations, and ordinances applicable to the work covered hereunder as they may now read or hereinafter be amended.

**ARTICLE XVIII**  
**DISCRIMINATION PROHIBITED**

In performing the services required hereunder, the CONSULTANT shall not discriminate against any person on the basis of race, color, religion, sex, national origin or ancestry, age, or physical handicap.

**ARTICLE XIX**  
**PERSONNEL**

- A. The CONSULTANT represents that it has or will secure, at its own expense, all personnel required to perform all the services required under this Agreement. Such personnel shall not be employees or officers of, or have any contractual relations with the OWNER. CONSULTANT shall inform the OWNER of any conflict of interest or potential conflict of interest that may arise during the term of this Agreement.
- B. All services required hereunder will be performed by the CONSULTANT or under its supervision. All personnel engaged in work shall be qualified, and shall be authorized and permitted under state and local laws to perform such services.
- C. In those instances deemed necessary by the OWNER, the CONSULTANT, its employees and/or its Sub-consultants shall be required to submit to background checks.

**ARTICLE XX**  
**ASSIGNABILITY**

The CONSULTANT shall not assign any of its scope of work under in this Agreement, and shall not transfer any of its scope of work under this Agreement (whether by assignment, novation, or otherwise) without the prior written consent of the OWNER. Should the CONSULTANT assign any part of the monies due under this Agreement, CONSULTANT is required to provide written notice of the same to OWNER. Any assignment of monies due under this Agreement shall not change any of the terms or conditions of this Agreement to include but not limited to the terms and conditions for payment under this Agreement.

**ARTICLE XXI**  
**MODIFICATION**

No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith, and no evidence of any waiver or modification shall be offered or received in evidence in any proceeding arising between the parties hereto out of or affecting this Agreement, or the rights or obligations of the parties hereunder, and unless such waiver or modification is in writing and duly executed; and the parties further agree that the provisions of this section will not be waived unless as set forth herein.

**ARTICLE XXII**  
**MISCELLANEOUS**

- A. The following exhibits are attached to and made a part of this Agreement: (list exhibits)
- B. CONSULTANT agrees that OWNER shall, until the expiration of five (5) years after the final payment or after final completion of all work required under this Agreement, whichever is longer, have access to and the right to examine any directly pertinent books, documents, papers, correspondence, to include e-mails, and records of the CONSULTANT involving transactions relating to this Agreement. CONSULTANT is required to maintain and make available all electronic records associated with this Agreement for purposes of examination. CONSULTANT agrees that OWNER shall have access during normal working hours to all necessary CONSULTANT facilities and shall be provided adequate and appropriate working space in order to conduct audits in compliance with this section. OWNER shall give CONSULTANT reasonable advance notice of intended audits. This paragraph shall work in conjunction with the Audit provision set forth in Article XXIII.
- C. Venue of any suit or cause of action under this Agreement shall lie exclusively in Denton County, Texas. This Agreement shall be construed in accordance with the laws of the State of Texas.
- D. For the purpose of this Agreement, the key persons who will perform most of the work hereunder shall be Connie Cannady, Chris Ekrut, Matthew Carr, et al. ~~How ever, nothing herein shall~~ limit CONSULTANT from using other qualified and competent members of its firm to perform the services required herein. CONSULTANT understands that OWNER is to be informed of the removal or loss of any of the key persons working under this Agreement. CONSULTANT also agrees to provide the OWNER with notice of the name(s) of who it intends to replace the key person. OWNER shall have a right to reject any replacement key person(s) and CONSULTANT agrees to name a replacement key person(s) acceptable to the OWNER.
- E. CONSULTANT shall commence, carry on, and complete any and all projects with all applicable dispatch, in a sound, economical, and efficient manner and in accordance with the provisions hereof. In accomplishing the projects, CONSULTANT shall take such steps as are appropriate to ensure that the work involved is properly coordinated with related work being carried on by the OWNER.
- F. The OWNER shall assist the CONSULTANT by placing at the CONSULTANT's disposal all available information pertinent to the Project, including previous reports, any other data relative to the Project, and arranging for the access thereto, and make all provisions for the CONSULTANT to enter in or upon public and private property as required for the CONSULTANT to perform services under this Agreement.

- G. The captions of this Agreement are for informational purposes only, and shall not in any way affect the substantive terms or conditions of this Agreement.

**ARTICLE XXIII**

**RIGHT TO AUDIT**

The OWNER shall have the right to audit and make copies of the books, records and computations pertaining to this agreement. The CONSULTANT shall retain such books, records, documents and other evidence pertaining to this Agreement during the contract period and five years thereafter, except if an audit is in progress or audit findings are yet unresolved, in which case records shall be kept until all audit tasks are completed and resolved. These books, records, documents and other evidence shall be available, within 10 business days of written request. Further, the CONSULTANT shall also require all Subcontractors, material suppliers, and other payees to retain all books, records, documents and other evidence pertaining to this agreement, and to allow the OWNER similar access to those documents. All books and records will be made available within a 50 mile radius of the City of Denton. The cost of the audit will be borne by the OWNER unless the audit reveals an overpayment of 1% or greater. If an overpayment of 1% or greater occurs, the reasonable cost of the audit, including any travel costs, must be borne by the CONSULTANT which must be payable within five business days of receipt of an invoice.

Failure to comply with the provisions of this section shall be a material breach of this contract and shall constitute, in the OWNER'S sole discretion, grounds for termination thereof. Each of the terms "books", "records", "documents" and "other evidence", as used above, shall be construed to include drafts and electronic files, even if such drafts or electronic files are subsequently used to generate or prepare a final printed document.

IN WITNESS HEREOF, the City of Denton, Texas has caused this Agreement to be executed by its duly authorized City Manager, and CONSULTANT has executed this Agreement through its duly authorized undersigned officer on this the date 12/23/2015.

CITY OF DENTON, TEXAS

DocuSigned by:  
BY: George C. Campbell  
GEORGE C. CAMPBELL, CITY MANAGER

ATTEST:  
JENNIFER WALTERS, CITY SECRETARY

DocuSigned by:  
BY: Jennifer K. Walters  
C5BFAFC1821946D...

APPROVED AS TO LEGAL FORM:  
ANITA BURGESS, CITY ATTORNEY

DocuSigned by:  
BY: John Knight  
C821996C2A2B439...

CONSULTANT

DocuSigned by:  
BY: Chris Ekrut Director  
AUTHORIZED SIGNATURE, TITLE

## **CITY OF DENTON INSURANCE REQUIREMENTS FOR CONSULTANTS/CONTRACTORS**

*The Offeror's/Bidder's attention is directed to the insurance requirements below. It is highly recommended that offerors/bidders confer with their respective insurance carriers or brokers to determine in advance of its proposal or bid submission the availability of insurance certificates and endorsements as prescribed and provided herein. If an offeror/apparent low bidder fails to comply strictly with the insurance requirements, that offeror/bidder may be disqualified from award of the contract. Upon award, all insurance requirements shall become contractual obligations, which the successful offeror/bidder shall have a duty to maintain throughout the course of this contract.*

### **STANDARD PROVISIONS:**

*Without limiting any of the other obligations or liabilities of the Consultant/Contractor, the Consultant/Contractor shall provide and maintain until the contracted work has been completed and accepted by the City of Denton, Owner, the minimum insurance coverage as indicated hereinafter.*

*As soon as practicable after notification of award, Consultant/Contractor shall file with the Purchasing Department satisfactory certificates of insurance, containing the proposal/bid number and title of the project. Consultant/Contractor may, upon written request to the Purchasing Department, ask for clarification of any insurance requirements at any time; however, Consultants/Contractors are strongly advised to make such requests prior to proposal/bid opening, since the insurance requirements may not be modified or waived after proposal/bid opening unless a written exception has been submitted with the proposal/bid. **Consultant/Contractor shall not commence any work or deliver any material until he or she receives notification that the contract has been accepted, approved, and signed by the City of Denton.***

*All insurance policies proposed or obtained in satisfaction of these requirements shall comply with the following general specifications, and shall be maintained in compliance with these general specifications throughout the duration of the Contract, or longer, if so noted:*

- Each policy shall be issued by a company authorized to do business in the State of Texas with an A.M. Best Company rating of at least **A or better**.
- Any deductibles or self-insured retentions shall be declared in the proposal or bid. If requested by the City, the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to the City, its officials, agents, employees and volunteers; or, the Consultant/Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- Liability policies shall be endorsed to provide the following:



- Name as additional insured the City of Denton, its Officials, Agents, Employees and volunteers.
- That such insurance is primary to any other insurance available to the additional insured with respect to claims covered under the policy and that this insurance applies separately to each insured against whom claim is made or suit is brought. The inclusion of more than one insured shall not operate to increase the insurer's limit of liability.
- ***Cancellation: City requires 30 day written notice should any of the policies described on the certificate be cancelled or materially changed before the expiration date.***
- Should any of the required insurance be provided under a claims-made form, Consultant/Contractor shall maintain such coverage continuously throughout the term of this contract and, without lapse, for a period of three years beyond the contract expiration, such that occurrences arising during the contract term which give rise to claims made after expiration of the contract shall be covered.
- Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit providing for claims investigation or legal defense costs to be included in the general annual aggregate limit, the Consultant/Contractor shall either double the occurrence limits or obtain Owners and Contractors Protective Liability Insurance.
- Should any required insurance lapse during the contract term, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this contract, effective as of the lapse date. If insurance is not reinstated, City may, at its sole option, terminate this agreement effective on the date of the lapse.

## **SPECIFIC ADDITIONAL INSURANCE REQUIREMENTS:**

*All insurance policies proposed or obtained in satisfaction of this Contract shall additionally comply with the following marked specifications, and shall be maintained in compliance with these additional specifications throughout the duration of the Contract, or longer, if so noted:*

### **[X] A. General Liability Insurance:**

General Liability insurance with combined single limits of not less than **\$500,000.00** shall be provided and maintained by the Contractor. The policy shall be written on an occurrence basis either in a single policy or in a combination of underlying and umbrella or excess policies.

If the Commercial General Liability form (ISO Form CG 0001 current edition) is used:

- Coverage A shall include premises, operations, products, and completed operations, independent contractors, contractual liability covering this contract and broad form property damage coverage.
- Coverage B shall include personal injury.
- Coverage C, medical payments, is not required.

If the Comprehensive General Liability form (ISO Form GL 0002 Current Edition and ISO Form GL 0404) is used, it shall include at least:

- Bodily injury and Property Damage Liability for premises, operations, products and completed operations, independent contractors and property damage resulting from explosion, collapse or underground (XCU) exposures.
- Broad form contractual liability (preferably by endorsement) covering this contract, personal injury liability and broad form property damage liability.

### **[X] Automobile Liability Insurance:**

Contractor shall provide Commercial Automobile Liability insurance with Combined Single Limits (CSL) of not less than **\$500,000.00** either in a single policy or in a combination of basic and umbrella or excess policies. The policy will include bodily injury and property damage liability arising out of the operation, maintenance and use of all automobiles and mobile equipment used in conjunction with this contract.

Satisfaction of the above requirement shall be in the form of a policy endorsement for:

- any auto, or
- all owned, hired and non-owned autos.

**Workers' Compensation Insurance**

Contractor shall purchase and maintain Worker's Compensation insurance which, in addition to meeting the minimum statutory requirements for issuance of such insurance, has Employer's Liability limits of at least \$100,000 for each accident, \$100,000 per each employee, and a \$500,000 policy limit for occupational disease. The City need not be named as an "Additional Insured" but the insurer shall agree to waive all rights of subrogation against the City, its officials, agents, employees and volunteers for any work performed for the City by the Named Insured. For building or construction projects, the Contractor shall comply with the provisions of Attachment 1 in accordance with §406.096 of the Texas Labor Code and rule 28TAC 110.110 of the Texas Worker's Compensation Commission (TWCC).

**Owner's and Contractor's Protective Liability Insurance**

The Contractor shall obtain, pay for and maintain at all times during the prosecution of the work under this contract, an Owner's and Contractor's Protective Liability insurance policy naming the City as insured for property damage and bodily injury which may arise in the prosecution of the work or Contractor's operations under this contract. Coverage shall be on an "occurrence" basis, and the policy shall be issued by the same insurance company that carries the Contractor's liability insurance. Policy limits will be at least combined bodily injury and property damage per occurrence with a \_\_\_\_\_ aggregate.

**Professional Liability Insurance**

Professional liability insurance with limits not less than **\$1,000,000.00** per claim with respect to negligent acts, errors or omissions in connection with professional services is required under this Agreement.

**Environmental Liability Insurance**

Environmental liability insurance for \$1,000,000 to cover all hazards contemplated by this contract.

**Riggers Insurance**

The Contractor shall provide coverage for Rigger's Liability. Said coverage may be provided by a Rigger's Liability endorsement on the existing CGL coverage; through and Installation Floater covering rigging contractors; or through ISO form IH 00 91 12 11, Rigger's Liability Coverage form. Said coverage shall mirror the limits provided by the CGL coverage

**Builders' Risk Insurance**

Builders' Risk Insurance, on an All-Risk form for 100% of the completed value shall be provided. Such policy shall include as "Named Insured" the City of Denton and all subcontractors as their interests may appear.

**Commercial Crime**

Provides coverage for the theft or disappearance of cash or checks, robbery inside/outside the premises, burglary of the premises, and employee fidelity. The employee fidelity portion of this coverage should be written on a "blanket" basis to cover all employees, including new hires. This type insurance should be required if the contractor has access to City funds. Limits of not less than \_\_\_\_\_ each occurrence are required.

**Additional Insurance**

Other insurance may be required on an individual basis for extra hazardous contracts and specific service agreements. If such additional insurance is required for a specific contract, that requirement will be described in the "Specific Conditions" of the contract specifications.

## ATTACHMENT 1

### **Worker's Compensation Coverage for Building or Construction Projects for Governmental Entities**

#### A. Definitions:

Certificate of coverage ("certificate")-A copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission, or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

Duration of the project - includes the time from the beginning of the work on the project until the contractor's/person's work on the project has been completed and accepted by the governmental entity.

Persons providing services on the project ("subcontractor" in §406.096) - includes all persons or entities performing all or part of the services the contractor has undertaken to perform on the project, regardless of whether that person contracted directly with the contractor and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the project. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

- B. The contractor shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the Contractor providing services on the project, for the duration of the project.
- C. The Contractor must provide a certificate of coverage to the governmental entity prior to being awarded the contract.
- D. If the coverage period shown on the contractor's current certificate of coverage ends during the duration of the project, the contractor must, prior to the end of the coverage period, file a new certificate of coverage with the governmental entity showing that coverage has been extended.
- E. The contractor shall obtain from each person providing services on a project, and provide to the governmental entity:
  - 1) a certificate of coverage, prior to that person beginning work on the project, so the governmental entity will have on file certificates of coverage showing coverage for all persons providing services on the project; and

- 2) no later than seven days after receipt by the contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.
- F. The contractor shall retain all required certificates of coverage for the duration of the project and for one year thereafter.
- G. The contractor shall notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the contractor knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project.
- H. The contractor shall post on each project site a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the project that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.
- I. The contractor shall contractually require each person with whom it contracts to provide services on a project, to:
- 1) provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the project, for the duration of the project;
  - 2) provide to the contractor, prior to that person beginning work on the project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the project, for the duration of the project;
  - 3) provide the contractor, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
  - 4) obtain from each other person with whom it contracts, and provide to the contractor:
    - a) certificate of coverage, prior to the other person beginning work on the project; and
    - b) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
  - 5) retain all required certificates of coverage on file for the duration of the project and for one year thereafter;
  - 6) notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project; and

- 7) contractually require each person with whom it contracts, to perform as required by paragraphs (1) - (7), with the certificates of coverage to be provided to the person for whom they are providing services.
- J. By signing this contract or providing or causing to be provided a certificate of coverage, the contractor is representing to the governmental entity that all employees of the contractor who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.
- K. The contractor's failure to comply with any of these provisions is a breach of contract by the contractor which entitles the governmental entity to declare the contract void if the contractor does not remedy the breach within ten days after receipt of notice of breach from the governmental entity.

**CONFLICT OF INTEREST QUESTIONNAIRE -**

**FORM CIQ**

**For vendor or other person doing business with local governmental entity**

**This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.**

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local government entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

**1 Name of vendor who has a business relationship with local governmental entity.**

**2  Check this box if you are filing an update to a previously filed questionnaire.**

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7<sup>th</sup> business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

**3 Name of local government officer about whom the information in this section is being disclosed.**

\_\_\_\_\_  
Name of Officer

This section, (item 3 including subparts A, B, C & D), must be completed for each officer with whom the vendor has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the vendor?

Yes  No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?

Yes  No

C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of one percent or more?

Yes  No

D. Describe each employment or business and family relationship with the local government officer named in this section.

**4  I have no Conflict of Interest to disclose.**

**5**  
DocuSigned by:  
*Chris Ekert*

12/23/2015

Signature of vendor doing business with the governmental entity

Date

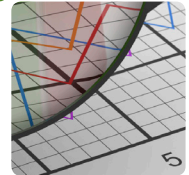
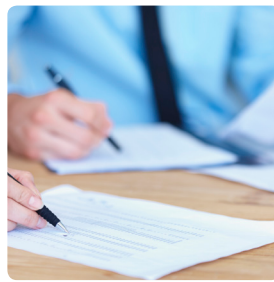


PROPOSAL | November 3, 2015



# INDIRECT COST ALLOCATION PLAN REVIEW AND UPDATE

City of Denton, TX



PREPARED BY:





1300 E Lookout Drive  
Suite 100  
Richardson, TX 75082  
Phone: (972) 680-2000

November 3, 2015

Mr. Antonio Puente  
Assistant Finance Director  
City of Denton  
215 E. McKinney St.  
Denton, Texas 76201

**Re: Indirect Cost Allocation Plan Review and Update**

Dear Mr. Puente:

NewGen Strategies and Solutions, LLC (NewGen) is pleased to have this opportunity to propose our assistance to the City of Denton (City) in revising the current indirect cost allocation model (CAM) for the General Fund, with the option to provide assistance in developing a more streamlined allocation of cost for the IT Internal Service Fund. The following proposal provides the scope of services that will be conducted, our proposed project team and the not-to-exceed project costs for both the indirect cost allocation model development and the development of a cost allocation methodology for the IT department.

## Scope of Services

### Task 1 – Project Kick-off Meeting

NewGen will work with the City to schedule a kick-off meeting. The primary reason for the kick-off meeting is to allow the key Project Team consultants and City stakeholders to be introduced and lay the general framework for how the study will be conducted. This meeting will allow for the finalization of the proposed work approach, as well as discuss and clarify the issues to be addressed in revising the existing cost allocation methodologies. So as to reduce the cost to the City, Tasks 1 and 3 may be conducted simultaneously.

In conducting the study, the Project Team proposes to continue to use the Step Method, also known as the Double-Step Method, of allocation. In our opinion, this method provides the greatest accuracy in allocation relative to the cost of development and administration. During the project kick-off meeting, the Project Team will discuss the Step Allocation method with the Staff participants and answer any questions that may arise regarding the allocation methodology.

### Task 2 – Development of Data Request

The Project Team will develop an initial data request that we will need to adequately conduct the analyses required to revise the current CAM. NewGen will issue the initial data request within two days of the kick-off meeting.

Mr. Antonio Puente  
November 3, 2015

### **Task 3 – Department Head Interviews and Follow-up Data Requests**

To ensure that Project Team members fully understand the operations of each of the City's Departments and the activities conducted for which fees are charged, Project Team members will conduct face-to-face meetings with the Director of each of the City's major departments, and other departmental employees as deemed appropriate by the Director. These interviews will consist of informal conversations in which the Project Team will seek to understand the department's operations, changes in operations subsequent to the 2012 study, changes in departmental organizations subsequent to the last update, and specific budgeted program responsibilities so as to establish the most appropriate cost causal allocation factors. Such factors may include, but not be limited to: the number of invoices or purchase orders processed; the number of contracts awarded or administered; square footage, number of full time equivalent positions, etc. These meetings will be conducted over a three to four day timeframe. Should follow-up interviews be needed, these will be conducted via teleconference. Current allocation factor development will be discussed along with alternative data that may be used in the development of new, more streamlined allocation factors.

Upon completion of the department head/program manager interviews, the Project Team will prepare a supplemental request for information to obtain any additional information needed to further identify direct and/or indirect costs and to prepare appropriate allocation factors. It is anticipated that this request will be provided to the City within five days of the completion of the interviews. Gathering the data requested will be the responsibility of the appropriate city employees as designated by City management personnel.

### **Task 4 – Identification of Direct and Indirect Costs**

Upon completion of the department head interviews, the Project Team will identify the direct and indirect costs provided by each department (or program as required). During this process, the Project Team will ensure that no direct costs will be included as indirect costs and vice-versa in the allocation process.

### **Task 5 – Determination of Direct and Indirect Cost Allocations**

It is NewGen's understanding that some of the allocation metrics developed in the 2012 study will need to be streamlined to provide ease of annual development. With that directive in mind, and the discussion held in Task 3, NewGen Project Team members will identify and determine the most appropriate cost allocation factor for each line-item of the department's/program's budget as well as alternative methodologies that provide ease of annual updates with an acceptable level of accuracy.

### **Task 6 – Summary Matrix of Costs and Cost Allocation Factors**

Once the appropriate cost allocation factors have been identified, the Project Team will develop a summary matrix, illustrating a summary of the expenditures for each "Service Department" and the total amounts allocated to and across each "End-User Department."

In addition, NewGen will provide a description of the cost allocation factors that were used, instructions on the annual development of such factors and the specific budgetary components impacted.

Mr. Antonio Puente  
November 3, 2015

### **Task 7 – Draft Report**

The Project Team will develop a draft report summarizing findings and recommendations with respect to the development of a revised CAM. NewGen is committed to ensuring that the City thoroughly understands the recommendations in the draft report and will be available to discuss findings, answer questions, and receive input. The Project Team will discuss the findings to City Staff and ensure that these individuals have enough time to address their concerns and/or questions.

### **Task 9– Final Report and Presentations**

Upon receipt of City Staff recommendations and comments, the Project Team will make appropriate changes and provide the City with the final report. After completion of the final report, the Project Team will be prepared to make a presentation concerning the findings before the City Council or other designated City group.

### **Task 10 -Computerized Model and Training**

The development of the Cost Allocation Model will occur throughout the course of the project and will be provided using Microsoft Excel, version 2013. Project Team Members will deliver the model to City Staff within 30 days of the final project presentation and conduct an up-to four hour training session on the model's operation at a time determined by the City.

### **Task 11 – Optional Development of Cost Allocation for IT Internal Services Fund**

NewGen understands that the City may wish to streamline the current cost allocation methodology used by the IT Internal Service Fund for cost recovery from all other City departments and utility services. We have reviewed the current methodology and have already identified certain costs areas that may not need to be identified and charged at the level of specificity that currently is computed.

If authorized to proceed with this optional task, and during our interviews with City Departmental employees, we will include discussions of how the current IT charges are used by each department, and where such charges may be aggregated. From these discussions, we will develop a streamlined approach for discussion with City Staff.

If our recommendations are approved, we will develop an Excel based model that can be used by the IT Internal Service Fund to affect computations utilizing the fully vetted, streamlined approach. This Model will continue to be separate from the CAM used for allocating the General Fund expenditures.

### **Deliverables**

Upon completion of the proposed study, we will provide the City with the following:

1. Cost Allocation Plan
  - Draft Electronic Model
    - Presented within 120 days of notification of award, given the timely receipt of the requested data, an electronic copy of the draft cost allocation electronic model will be provided for the City's review and comment that summarizes the Project Team's findings

Mr. Antonio Puente  
November 3, 2015

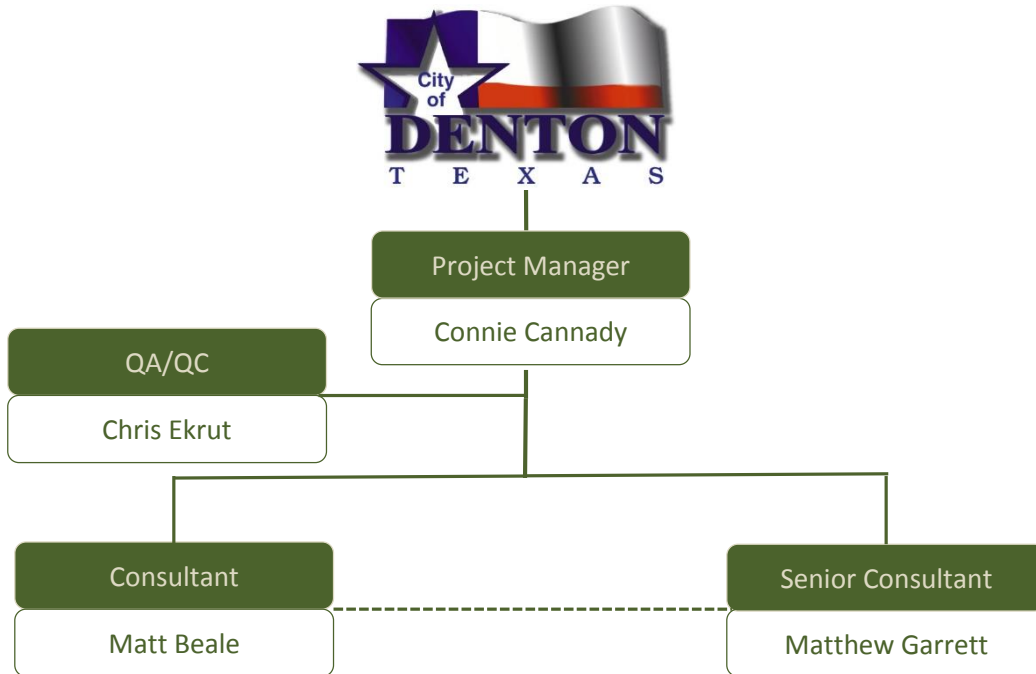
and recommendations. This model will be a rebuild of the existing cost allocation model to take into account in increased functionality of Microsoft's 2013 version of Excel.

- Draft Report
    - Presented within one week of review of draft cost allocation electronic model so as to include any changes in the draft cost allocation electronic model.
  - Final Report
    - The Final Report and Final Electronic Model will be presented to the City after receipt of the City's comments on both the draft model and draft report.
    - Presentation of study results to City Council, if required.
  - Meetings
    - Pricing reflects a total of two on-site meetings, exclusive of Department Head meetings. Additionally requested meetings will be provided at time and expense.
  - Cost Allocation Model
    - Two copies on CD of the updated CAM written in the 2013 version of Microsoft Excel.
    - A four hour training session on-site with live installed model.
2. Optional Services Associated with IT Internal Service Fund
- Draft outline of streamlined approach to allocating IT Internal Service Fund expenditures.
  - Draft Electronic IT Fund Model.
  - Inclusion of IT Fund results in the Draft Report.
  - Inclusion of IT Fund results in the Final Report.
  - A four hour training session for IT employees on use of the Model.

Mr. Antonio Puente  
November 3, 2015

## Proposed Project Team

NewGen proposes a four member Project Team. Ms. Connie Cannady will serve as Project Manager, and she is located in the Amarillo, Texas office. Ms. Cannady will participate in the interview process at the City, manage the development of all cost allocation methodologies, and be the primary point of contact with City Staff. She will be assisted by Mr. Matthew Garrett in the Richardson Office, who will also participate during the interviews and will assist in the development of the allocation methodology. Mr. Matt Beale, located in our Denver Office, will be responsible for the development of the Excel Model. Mr. Chris Ekrut will provide the Quality Assurance/Quality Control (QA/QC) as he has significant knowledge of the City from providing prior consulting services. The Project Team organization and reporting requirements are as follows:



## Proposed Professional Fees and Expense Reimbursement

Based on the project scope, we estimate our professional fees will not exceed \$57,000 dollars for the development of the revised CAM. This includes travel expenses to and from the City for interviews and scheduled meetings. NewGen estimates that the optional activities to develop a streamlined IT Internal Service Fund allocation model will not exceed an additional \$12,000 dollars, provided that data collection for this component can be conducted simultaneously with the conduct of interviews concerning the revised CAM.

The hourly billing rates of the Project Team Members are as follows:

Mr. Antonio Puente  
November 3, 2015

- Ms. Connie Cannady - \$225/hour
- Mr. Chris Ekrut - \$225/hour
- Mr. Matthew Garrett - \$160/hour
- Mr. Matt Beale - \$115/hour
- Administrative Staff - \$75/hour

NewGen bills its clients based on actual hours worked, plus out-of-pocket expenses. In the event that the actual hours spent in conducting the enumerated activities are less than those used in the development of the not-to-exceed proposed costs, the City will be billed only for the actual hours. However, if the actual hours exceed the estimate, the City will only be billed up to the not-to-exceed cost, plus out-of-pocket expenses.

## Authorization

To the extent that the City is in agreement with the proposed consulting services and the proposed not-to-exceed project costs for the development of the revised CAM and/or optional IT allocation methodology, please execute the appropriate section below and send to:

Mr. Chris Ekrut  
NewGen Strategies & Solutions  
1300 E. Lookout Drive, Suite 100  
Richardson, Texas 75082

We appreciate the opportunity to propose our assistance to the City. We believe our professional experience provides the unique set of qualifications desired by the City. Should you have any questions regarding this proposal, please do not hesitate to contact me by phone at 972.232.2234 or by email at [cekrut@newgenstrategies.net](mailto:cekrut@newgenstrategies.net).

Sincerely,  
**NewGen Strategies and Solutions, LLC**



Chris D. Ekrut  
Director, Environmental Practice

## Request for City Manager Approval of Purchase

**DATE:** December 21, 2015 Questions concerning this acquisition may be directed to  
**DEPARTMENT:** Materials Management Nancy Towle at 940- 349-7709  
**ACM:** Bryan Langley

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### **SUBJECT**

Consider approval of a professional services agreement with NewGen Strategies and Solutions, LLC (formerly J. Stowe & Co.) for indirect cost allocation plan review and update, and include the option to develop a streamlined allocation of costs for Technology Service in a not to exceed amount of \$69,000. (PSA 6007)

### **BACKGROUND**

The current cost allocation plan and model were developed by J. Stowe & Co. in 2012. Budget received a copy of the allocation model per the contract. Budget staff updates the model each year with the latest internal cost data and develops the annual cost allocation by department. Since the allocation model was created, the City has had a number of changes to the organizational structure, costs for the allocable departments have changed, new positions have been authorized, and other miscellaneous changes have occurred. All of these can have an impact on the resulting allocations. A review and update to the cost allocation plan and model are needed to accommodate these changes and ensure the accuracy, integrity and completeness of the metrics and the data used in the allocations.

Technology Service has requested to be included in this professional services agreement in order to develop a streamlined allocation of costs for Technology Service. Their current process of allocating costs is very time-consuming, labor intensive and heavily dependent on one individual that is retiring.

Texas Local Government Code 252.022(4) allows for an exemption to competitive requirements for the expenditure of funds for procurement of personal, professional or planning services. Based on the services offered, NewGen Strategies and Solutions, LLC appears to provide the best value to the City of Denton.

### **RECOMMENDATION**

Staff recommends approval of a professional services agreement with NewGen Strategies and Solutions, LLC for indirect cost allocation plan review and update, and to develop an allocation of costs for Technology Service.

### **PRINCIPAL PLACE OF BUSINESS**

NewGen Strategies and Solutions, LLC  
1300 E. Lookout Drive, Suite 100  
Richardson, Texas 75082



Request for City Manager Approval  
Page 2

**ESTIMATED SCHEDULE OF PROJECT**

Completion Date: March 2016

**CONTRACT ADMINISTRATOR**

Nancy Towle

**FISCAL INFORMATION**

JDE Account Number: 160099.7879  
Contract cost: Not to exceed \$57,000  
Option for Technology Service: \$12,000  
Total: \$69,000

Attachment 1: Contract  
Attachment 2: Business Necessity Memo

**Requested by:**

Name: Nancy Towle

Phone: 940-349-7709

Requisition # 127353

Respectfully submitted:

DocuSigned by:  
Elton Brock  
4E9FEBACE935410...  
Purchasing

Expenditure Approved:

DocuSigned by:  
George C. Campbell  
48914925F056489  
City Manager or Designate

12/23/2015

Date



**Attachment 2**

*Finance Department \* 215 E. McKinney \* Denton, TX 76201*

*(940) 349-8260 \* DFW Metro (972) 434-2259 \* Fax (940) 349-7206*

**MEMORANDUM**

**DATE:** December 22, 2015  
**TO:** Elton Brock, Purchasing Manager  
**FROM:** Nancy Towle, Budget Manager  
**SUBJECT:** Allocation Plan Review and Update – NewGen Strategies & Solutions, LLC (formerly J. Stowe & Co.)

The current cost allocation plan was developed by J. Stowe & Co. in 2012. The proposed Project Manager will be Connie Cannady, who managed the previous contract. The model uses the Step Method of allocation. New Gen Strategies & Solutions, LLC has extensive experience, including Denton, in providing cost allocation services. Texas Local Government Code 252.022(4) allows for an exemption to competitive requirements for the expenditure of funds for procurement of personal, professional or planning services.

New Gen Strategies & Solutions, LLC offers the following:

1. Has provided the City of Denton an in-depth cost allocation plan and model in FY 2012;
2. Has a highly experienced Project Team who have worked with Denton in the past.
3. They use the Step Method of allocation which results in the greatest accuracy relative to the time and cost of development and administration;
4. Their model is Excel based which makes it easy to understand and update.

In total and based on the services offered, New Gen Strategies & Solutions, LLC appears to provide the best value to the City of Denton.

If you have any questions, or need additional information, please let me know.

## Certificate Of Completion


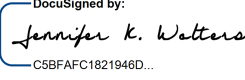
Envelope Id: C5E9722D84944C71813427C7D27CE0C2	Status: Completed
Subject: Please DocuSign this document: Contract 6007	
Source Envelope:	
Document Pages: 34	Signatures: 7
Certificate Pages: 6	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Karen E. Smith
Time Zone: (UTC-06:00) Central Time (US & Canada)	karen.smith@cityofdenton.com
	IP Address: 129.120.6.150

## Record Tracking

Status: Original	Holder: Karen E. Smith	Location: DocuSign
12/23/2015 10:13:27 AM	karen.smith@cityofdenton.com	

## Signer Events

Signer Events	Signature	Timestamp
<p>Karen E. Smith karen.smith@cityofdenton.com Assistant Purchasing Manager City of Denton Security Level: Email, Account Authentication (Optional) Electronic Record and Signature Disclosure: Not Offered ID:</p>	<p><b>Completed</b></p> <p>Using IP Address: 129.120.6.150</p>	<p>Sent: 12/23/2015 10:23:49 AM Viewed: 12/23/2015 10:24:00 AM Signed: 12/23/2015 10:24:41 AM</p>
<p>Elton Brock elton.brock@cityofdenton.com Purchasing Manager City of Denton Security Level: Email, Account Authentication (Optional) Electronic Record and Signature Disclosure: Not Offered ID:</p>	<p>DocuSigned by: <i>Elton Brock</i> 4E9FEBACE935410...</p> <p>Using IP Address: 129.120.6.150</p>	<p>Sent: 12/23/2015 10:24:43 AM Viewed: 12/23/2015 11:14:17 AM Signed: 12/23/2015 11:14:40 AM</p>
<p>Chris Ekrot cekrot@newgenstrategies.net Director Security Level: Email, Account Authentication (Optional) Electronic Record and Signature Disclosure: Accepted: 12/23/2015 11:16:24 AM ID: 64a05c4f-3aab-4c24-aa06-d711ae31af93</p>	<p>DocuSigned by: <i>Chris Ekrot</i> 7534CE6FA4A8412...</p> <p>Using IP Address: 24.73.254.14</p>	<p>Sent: 12/23/2015 11:14:42 AM Viewed: 12/23/2015 11:16:24 AM Signed: 12/23/2015 11:18:10 AM</p>
<p>John Knight john.knight@cityofdenton.com Deputy City Attorney City of Denton Security Level: Email, Account Authentication (Optional) Electronic Record and Signature Disclosure: Not Offered ID:</p>	<p>DocuSigned by: <i>John Knight</i> C821996C2A2B439...</p> <p>Using IP Address: 129.120.6.150</p>	<p>Sent: 12/23/2015 11:18:12 AM Viewed: 12/23/2015 11:27:54 AM Signed: 12/23/2015 11:28:09 AM</p>

Signer Events	Signature	Timestamp
<p>George C. Campbell  george.campbell@cityofdenton.com  City Manager  City of Denton  Security Level: Email, Account Authentication (Optional)  Electronic Record and Signature Disclosure: Not Offered  ID:</p>	<p>DocuSigned by:    4884E925F0E6480...</p> <p>Using IP Address: 129.120.6.150</p>	<p>Sent: 12/23/2015 11:28:11 AM  Viewed: 12/23/2015 1:52:55 PM  Signed: 12/23/2015 1:53:11 PM</p>
<p>Jennifer K. Walters  jennifer.walters@cityofdenton.com  City Secretary  City of Denton  Security Level: Email, Account Authentication (Optional)  Electronic Record and Signature Disclosure: Not Offered  ID:</p>	<p>DocuSigned by:    C5BF AFC1821946D...</p> <p>Using IP Address: 129.120.6.150</p>	<p>Sent: 12/23/2015 1:53:14 PM  Viewed: 12/28/2015 2:57:23 PM  Signed: 12/28/2015 2:58:24 PM</p>
In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
<p>Sherri Thurman  sherri.thurman@cityofdenton.com  Security Level: Email, Account Authentication (Optional)  Electronic Record and Signature Disclosure: Not Offered  ID:</p>	<div style="border: 2px solid blue; padding: 5px; text-align: center; font-weight: bold; color: blue; font-size: 1.2em;">COPIED</div>	<p>Sent: 12/23/2015 11:18:12 AM  Viewed: 12/23/2015 11:20:04 AM</p>
<p>Jane Richardson  jane.richardson@cityofdenton.com  Security Level: Email, Account Authentication (Optional)  Electronic Record and Signature Disclosure: Not Offered  ID:</p>	<div style="border: 2px solid blue; padding: 5px; text-align: center; font-weight: bold; color: blue; font-size: 1.2em;">COPIED</div>	<p>Sent: 12/28/2015 2:58:27 PM</p>
<p>Jennifer Bridges  jennifer.bridges@cityofdenton.com  Security Level: Email, Account Authentication (Optional)  Electronic Record and Signature Disclosure: Not Offered  ID:</p>	<div style="border: 2px solid blue; padding: 5px; text-align: center; font-weight: bold; color: blue; font-size: 1.2em;">COPIED</div>	<p>Sent: 12/28/2015 2:58:27 PM  Viewed: 12/29/2015 9:08:16 AM</p>
<p>Julia Klinck  julia.klinck@cityofdenton.com  Contracts Administration Supervisor  City of Denton  Security Level: Email, Account Authentication (Optional)</p>	<div style="border: 2px solid blue; padding: 5px; text-align: center; font-weight: bold; color: blue; font-size: 1.2em;">COPIED</div>	<p>Sent: 12/28/2015 2:58:27 PM  Viewed: 12/29/2015 7:55:08 AM</p>

**Carbon Copy Events****Status****Timestamp**

Electronic Record and Signature Disclosure:  
Not Offered  
ID:

Nancy Towle  
nancy.towle@cityofdenton.com  
Security Level: Email, Account Authentication  
(Optional)  
Electronic Record and Signature Disclosure:  
Not Offered  
ID:

**COPIED**

Sent: 12/28/2015 2:58:27 PM

**Notary Events****Timestamp****Envelope Summary Events****Status****Timestamps**

Envelope Sent	Hashed/Encrypted	12/28/2015 2:58:27 PM
Certified Delivered	Security Checked	12/28/2015 2:58:27 PM
Signing Complete	Security Checked	12/28/2015 2:58:27 PM
Completed	Security Checked	12/28/2015 2:58:27 PM

**Electronic Record and Signature Disclosure**

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You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: kevin.gunn@cityofdenton.com

**To advise City of Denton of your new e-mail address**

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at kevin.gunn@cityofdenton.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

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To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to kevin.gunn@cityofdenton.com and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

**Required hardware and software**

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	<ul style="list-style-type: none"> <li>•Allow per session cookies</li> <li>•Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection</li> </ul>

\*\* These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

**Acknowledging your access and consent to receive materials electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

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