

SERVICE AGREEMENT FOR EVALUATION OF THE FINANCE DEPARTMENT

Re: Request for Proposal Event No. 62

THIS Assessment of the Efficiency and Effectiveness of the Finance Department Service Agreement ("Agreement") is entered into by and between the City of Corpus Christi, a Texas home-rule municipal corporation ("City"), by and through its duly authorized City Manager or his designee ("City Manager"), and Weaver and Tidwell, L.L.P., a Texas limited liability partnership, effective for all purposes upon execution by the City Manager.

WHEREAS, the Contractor has proposed to provide an assessment of the efficiency and effectiveness of the Financial Services Department in response to the City's Request for Proposals ("RFP Event No. 62");

WHEREAS, the City has determined Contractor to be the best valued respondent;

NOW, THEREFORE, City and Contractor enter into this Agreement and mutually agree as follows:

1. **Services.** Contractor will provide an assessment of the efficiency and effectiveness of the City's Financial Services Department ("Services") in accordance with RFP Event No. 62 ("Exhibit A"), the Contractor's response to RFP Event No. 62 ("Exhibit B"), and the modified scope document ("Exhibit C"), which exhibits are incorporated by reference into this Agreement as if fully set out here in their entirety.
2. **Term.** This Agreement takes effect upon execution of the City Manager and continues until the Services are completed by the Contractor, such date presently unknown but estimated to be approximately six months after commencement.
3. **Contract Administrator.** The contract administrator designated by the City is responsible for approval of all phases of performance and operations under this Agreement including deductions for non-performance and authorizations for payment. All of the Contractor's notices and communications regarding this Agreement must be directed to the contract administrator, who is the Assistant Director of Strategic Management or her designee ("**Contract Administrator**").
4. **Independent Contractor.** Contractor will perform the Services as an independent contractor and will furnish such Services in its own manner and method, and under no circumstances or conditions may any agent, servant, or employee of the Contractor be considered an employee of the City.
5. **Insurance.** Before activities can begin under this Agreement, the Contractor's insurance company, or companies, must deliver a Certificate of Insurance, as proof of the required insurance coverages, to the Contract Administrator and the City's Risk Manager. Additionally, the Contract Administrator and Risk Manager must be given at least 30 days' advance notice, by certified mail, of cancellation, material change in the coverages, or intent not to renew any of the policies. The City must be named as an additional insured. The City Attorney must be given copies of all insurance policies within 15 days of the City Manager's reasonable written request.
6. **Assignment.** No assignment by the Contractor of this Agreement nor of any right or interest contained in this Agreement is effective unless the City gives its written consent in advance of such assignment. The performance of this Agreement by the Contractor is the essence of this Agreement, and

the City's right to withhold consent to such assignment is within the sole discretion of the City on any ground whatsoever.

7. Fiscal Year. All parties recognize that the continuation of any contract after the close of any fiscal year of the City (the City's fiscal year ends each September 30th) is subject to sufficient appropriations and budget approval providing for covering such contract item as an expenditure in the budget. The City does not represent that said budget item will be actually adopted, as that determination is within the sole discretion of the City Council at the time of adoption of each annual budget.

8. Waiver. No waiver of any breach of any term or condition of this Agreement, its exhibits, and amendments, if any, waives any subsequent breach of the same by either party.

9. Compliance with Laws. This Agreement is subject to all applicable federal, State, and local laws. All duties of the parties will be performed in the city of Corpus Christi, Nueces County, Texas. The applicable law for any legal disputes arising out of this Agreement is the law of the State of Texas, and the forum and venue for any such disputes is in the appropriate district, county, or justice court in and for Nueces County, Texas.

10. Subcontractors. The Contractor may use subcontractors in connection with the Services to be performed under this Agreement. When using subcontractors, however, the Contractor must obtain prior written approval from the Contract Administrator. In using subcontractors, the Contractor shall be responsible for all their acts and omissions to the same extent as if the subcontractor and its employees were employees of the Contractor. All requirements set forth as part of this Agreement are applicable to all subcontractors and their employees to the same extent as if the Contractor and its employees had performed the Services.

11. Amendments. This Agreement may be amended only in writing and upon execution by authorized representatives of both parties.

12. Termination. The City Manager may terminate this Agreement for Contractor's failure to perform the Services specified in this Agreement, including its exhibits A, B, and C, and any properly executed amendment. Failure to keep all insurance policies in force for the entire term of this Agreement is also grounds for termination. The Contract Administrator must give the Contractor written notice of the breach and set out a reasonable opportunity to cure. If the Contractor has not cured within the cure period stated, the City Manager may terminate this Agreement immediately thereafter.

Alternately, the City Manager may terminate this Agreement without cause upon 20 days' advance written notice to the Contractor. However, the City may terminate this Agreement upon three days' advance written notice to the Contractor for Contractor's failure to pay or provide proof of payment of required taxes as set out in this Agreement.

13. Taxes. The Contractor covenants to pay payroll taxes, Medicare taxes, FICA taxes, unemployment taxes, and all other related taxes in accordance with IRS Circular E, "Employer's Tax Guide", Publication 15, as it may be amended. Upon his request, the City Manager shall be provided proof of payment of one or more of these taxes within 15 days of such request.

14. Precedence of Documents. In the event of a conflict or discrepancy among the documents incorporated by reference and constituting this Agreement, interpretations will be based on the following order of precedence: this executed Agreement excluding its exhibits and amendments; Exhibit A; Exhibit B as modified by Exhibit C; Exhibit C; and any properly executed amendments to the Agreement.

15. Notice. Any notices or communications required or permitted under this Agreement must be given by hand delivery, fax, or certified mail, with postage prepaid and return receipt requested, and is deemed

received on the day hand-delivered or faxed and on the third day after deposit in the U.S. mail if sent certified mail. Notices and communications must be sent as follows:

IF TO CITY:

City of Corpus Christi
Attention: Assistant Director of Strategic Management
1201 Leopard Street
Corpus Christi, Texas 78401
Fax: (361) 826-3174

IF TO CONTRACTOR:

Weaver and Tidwell, L.L.P.
Attn: Alyssa G. Martin
24 Greenway Plaza, Suite 1800
Houston, Texas 77046
Fax: (972) 702-8321

16. **Severability.** Each provision of this Agreement is deemed severable and if, for any reason, any such provision or any part thereof is determined to be invalid as provided by any existing or future applicable law, such invalidity shall not impair the operation of or affect those provisions or portions of this Agreement that are valid, and this Agreement shall be construed and enforced in all respects as if the invalid or unenforceable provision or part thereof had been omitted.

17. **INDEMNIFICATION.** CONTRACTOR SHALL INDEMNIFY, HOLD HARMLESS, AND DEFEND THE CITY OF CORPUS CHRISTI AND ITS OFFICERS, EMPLOYEES AND AGENTS ("INDEMNITEES") FROM AND AGAINST ANY AND ALL LIABILITY, LOSS, CLAIMS, DEMANDS, SUITS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER ON ACCOUNT OF PERSONAL INJURIES, INCLUDING THOSE RESULTING IN WORKERS' COMPENSATION CLAIMS OR DEATH, PROPERTY LOSS OR DAMAGE, OR ANY OTHER KIND OF LOSS, INJURY, OR DAMAGE, AND INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS, ATTORNEYS' FEES AND EXPERT WITNESS FEES WHICH ARISE OR ARE CLAIMED TO ARISE OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE PERFORMANCE OF THIS AGREEMENT AND REGARDLESS OF WHETHER THE INJURIES, DEATH, LOSS, OR DAMAGES ARE CAUSED OR ARE CLAIMED TO BE CAUSED BY THE CONCURRENT OR CONTRIBUTORY NEGLIGENCE OF INDEMNITEES BUT NOT IF BY THE SOLE NEGLIGENCE OF INDEMNITEES UNMIXED WITH THE FAULT OF ANY OTHER PERSON. CONTRACTOR MUST, AT ITS OWN EXPENSE, INVESTIGATE ALL NOTICES, CLAIMS, AND DEMANDS, ATTEND TO THEIR SETTLEMENT OR OTHER DISPOSITION, DEFEND ALL ACTIONS BASED THEREON WITH COUNSEL REASONABLY SATISFACTORY TO THE CITY ATTORNEY, AND PAY ALL CHARGES OF ATTORNEYS AND ALL OTHER COSTS AND EXPENSES OF ANY KIND ARISING FROM ANY SAID LIABILITY, LOSS, CLAIMS, DEMANDS, SUITS, OR ACTIONS. THE INDEMNIFICATION OBLIGATIONS OF CONTRACTOR

UNDER THIS SECTION SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS AGREEMENT.

EXECUTED this 20th day of October, 2015

Weaver and Tidwell, L.L.P.

Alyssa G. Martin
Signature

Alyssa G. Martin, CPA
Printed Name and Title

10/20/15
Date

CITY OF CORPUS CHRISTI

Maria Pedraza Date
Procurement Manager

Attached and Incorporated by Reference:
Exhibit A: RFP Event No. 62
Exhibit B: Contractor's Response to RFP Event No.62
Exhibit C: Modification of Scope and Costs

Service Agreement for the Assessment of the Efficiency and Effectiveness of the Financial Services Department - Request for Proposal Event No. 62

**EXHIBIT C
MODIFIED SCOPE AND COST**

Both parties agree to the following modifications to the Scope of Work specified In Section 3 of the Scope of Work:

- *Modify question 1c* in the section addressing "Organization and Support of Financial Services" which asks "Is the Utility Billing Office (UBO) properly structured within the organization and the right structure within UBO? Is there a case to be made for including the Utility Billing Office in the Finance Department (or as a separate department)." Strike the last sentence asking "Is there a case to be made for including the Utility Billing Office in the Finance Department (or as a separate department).
- *Modify questions 2d and 2e* in the section addressing "Staffing Levels" to be limited to assessing pay, classification and qualifications for only those key positions as designed by the City, not to exceed eight individual positions.

Except for the two modifications above, Weaver and Tidwell, L.L.P. (aka Weaver) is expected to provide answers to all questions specified in the Scope of Work portion of the Request for Proposal.

Both parties agree to the following modifications to the Project Approach specified by Weaver in their August 17, 2015 "Proposal for Assessment of the Efficiency and Effectiveness of the Financial Services Department":

- Weaver is not expected to perform the "Knowledge Skills Assessment (KSA) as specified in their approach to assessing staffing levels;
- Weaver is not expected to review all Departmental job descriptions and compare them against individual employee qualifications;
- With regard to policies and procedures, Weaver will review City policies for reasonableness and completeness;

- With regard to developing recommendations to improve the internal control structure of the divisions in Financial Services, or to answer the specific questions for each division as outlined in Question 6 of the "Scope of Work", Weaver will provide, at a minimum, high-level recommendations to improve the internal control structure. However, in-depth root-cause and cost-benefit analysis will be condensed as budget allows. If additional work is needed beyond the estimated hours to more fully evaluate control gaps identified, or to perform root cause or cost-benefit analysis, the additional hours required for this work must be requested and explicitly approved by the City.

Both parties agree that the "Updated Cost Proposal" included in this Exhibit C replaces the initial cost proposal provided by Weaver in their proposal submitted August 17, 2017.

Updated Cost Proposal

The updated cost proposal below reflects the scope revisions proposed by the City. The scope, as revised, limits the Staffing Level evaluation to key positions, as defined by the City, eliminates the analysis of the placement of the Utility Billing Office in the evaluation of the Organization and Support of FIN Services, and only allows for a review of City policies for reasonableness and completeness. Additionally, the analysis of the Divisions will be limited to the identification of controls and control gaps.

We will provide, at a minimum, high-level recommendations to improve the internal control structure of the Divisions. However, an in-depth root-cause and cost-benefit analysis will be condensed, as budget allows. Further evaluation of control gaps or performance of root-cause and cost-benefit analysis will require additional hours, of which must be requested and approved by the City.

Estimated fees for our services are provided below:

	ESTIMATED HOURS	ESTIMATED PRICE
Organization and Support of FIN Services	100	\$15,000
Staffing Levels	100	\$15,000
FIN Policies, Procedures, Process Flow and Charting	60	\$9,000
FIN Performance Reporting	80	\$12,000
CAFR Preparation	110	\$16,500
Divisions		
<i>Utility Billing Office</i>	100	\$15,000
<i>Purchasing</i>	100	\$15,000
<i>Warehouse</i>	100	\$15,000
<i>Accounts Payable</i>	100	\$15,000
<i>Accounts Receivable</i>	80	\$12,000
<i>Accounting</i>	80	\$12,000
<i>Payroll</i>	100	\$15,000
<i>Grants</i>	100	\$15,000
<i>Cash Management</i>	80	\$12,000
<i>Central Cashiering</i>	100	\$15,000
Subtotal	1,390	\$208,500
	<i>Travel (not to exceed)</i>	<i>\$20,000</i>
Total	1,390	\$228,500