

AMENDMENT NO. 1

TO THE AGREEMENT BETWEEN THE COUNTY OF TEHAMA AND MGT IMPACT SOLUTIONS, LLC, f/k/a MGT of AMERICA CONSULTING, LLC

This Amendment to Agreement Number 2022-13, dated July 26, 2022, by and between the County of Tehama, through its Department of Public Works (COUNTY) and MGT Impact Solutions, LLC f/k/a MGT of America Consulting, LLC (CONSULTANT) for the provision of preparing an optimal Indirect Cost Allocation Plan (ICAP), shall be amended as follows:

SECTION 3, COMPENSATION, SHALL BE AMENDED IN ITS ENTIRETY

3. COMPENSATION

CONSULTANT shall be paid in accordance with the rates set forth in the Fee Schedule, attached hereto as Exhibit "B and D" for performing the Scope of Services described in this Agreement. In addition, County shall reimburse Contractor for the actual and reasonable expenses for travel incurred by the CONSULTANT in the performance of the work hereunder. The rates set forth in the Fee Schedule are inclusive of all other expenses. Reimbursement for actual travel expenses will not exceed the currently authorized rates and per diem for COUNTY employees. The Maximum Compensation (including amendment no. 1) payable under this Agreement shall not exceed \$40,000.00. CONSULTANT shall not be entitled to payment or reimbursement for any tasks or services performed except as specified herein. CONSULTANT shall have no claim against COUNTY for payment of any compensation or reimbursement, of any kind whatsoever, for any service provided by CONSULTANT after the expiration or other termination of this Agreement. CONSULTANT shall not be paid any amount in excess of the Maximum Compensation amount set forth above, and CONSULTANT agrees that COUNTY has no obligation, whatsoever, to compensate or reimburse CONSULTANT for any expenses, direct or indirect costs, expenditures, or charges of any nature by CONSULTANT that exceed the Maximum Compensation amount set forth above. Should the CONSULTANT receive any such payment it shall immediately notify COUNTY and shall immediately repay all such funds to COUNTY. This provision shall survive the expiration or other termination of this Agreement.

SECTION 5, TERM OF AGREEMENT, SHALL BE AMENDED IN ITS ENTIRETY

5. TERM OF AGREEMENT

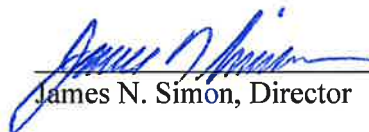
This agreement shall commence on July 26, 2022, and shall terminate on June 30, 2025, unless terminated in accordance with section 6 below.

It is mutually agreed that all other terms and conditions of Agreement Number 2022-13 shall remain in full force and effect.

IN WITNESS WHEREOF, COUNTY and CONSULTANT have executed this agreement on the day and year set forth below.

COUNTY OF TEHAMA

Date: 11-18-24


James N. Simon, Director

MGT IMPACT SOLUTIONS, LLC

Date: 11/6/2024


A. Trey Traviesa, CEO

130998
Vendor Number
3011 53230
Budget Account Number

Cost Proposal

MGT will provide the proposed deliverables for the following fixed, all-inclusive guaranteed maximum fee. This fee contains all direct and indirect costs including meetings, document production, etc.

Project Description	Total Fees
2 CFR Part 200 Compliant Public Works Cost Allocation Plan and Indirect Cost Rates based on FY24 actual expenditures, completed in 2025	\$7,500

Method of Payment

Progressive payments based on achieved milestones can be requested.

Project Assumptions

Our work plan and proposed fee for this project were developed with several key assumptions about the project. Changes to these assumptions may impact either or both our methodology and proposed fee. We welcome the opportunity to meet with the County to review, validate, or adjust these assumptions based on more complete information, and adjust the work plan and/or budget accordingly.

Below, we present our assumptions:

- ♦ The County will designate a Project Officer for this project. This person will function as the primary point of contact for the project, and coordinate and facilitate the flow of information and communication between the County, key stakeholders, and MGT.
- ♦ The County's Project Officer will ensure that comments on draft documents are consolidated into a single document and any conflicting comments are reconciled before delivering the comments to MGT.
- ♦ MGT will have access to and cooperation and participation by staff and management. MGT expects to have reasonable, timely access to the County's personnel and data. If the County stops the project for any reason, MGT will be due all fees for services performed to date.
- ♦ If necessary, meeting facilities will be arranged for and used at the expense of the County. The County will provide all requested documents at its own expense.
- ♦ All costs and other data provided by the County will be considered accurate and valid. MGT will not be responsible for the audit and/or verification of any cost or other data provided by the County.

References

The projects described below are some of the most relevant and impactful MGT projects that have been completed in the last five years. Our extensive experience in the cost allocation and indirect cost rate field is described in a few of these select projects. Funding sources for MGT projects are not known by MGT.

MGT has not provided letters of recommendation as part of this submittal. Many of our clients have expressed concern that providing letters of recommendation could compromise their ability to be viewed as impartial for future solicitations where MGT is among the proposers. To avoid creating this potential conflict, MGT instead recommends that you contact our references directly to discuss our performance on the projects we've completed for them.

SANTA CRUZ COUNTY, CA COST ALLOCATION PLAN	
Contact Person:	Ms. Laura Bowers, Deputy Auditor-Controller
Phone Number:	(831) 454-2684
Email Address:	Laura.bowers@santacruzcountyca.gov
Mailing Address	701 Ocean Street Santa Cruz, CA 95060
Date of Performance	2013-Present
Project Description: Cost Allocation Plan Services	

CITY OF WHITTIER, CA USER FEE STUDY AND COST ALLOCATION PLAN	
Contact Person:	Ms. Alice Hui, Assistant Director of Administrative Services
Phone Number:	562.567.9836
Email Address:	ahui@cityofwhittier.org
Mailing Address:	13230 Penn Street Whittier, CA 90602
Date of Performance:	2007-Present
Project Description:	MGT prepared a citywide cost of service study. Activities include: interviewing city staff, data collection, developing the cost of services on a full cost, per-unit basis, comparing the cost of services to the current fee levels, developing and presenting recommendations on potential fee changes. In 2017, MGT provided a citywide user fee analysis and recently completed an update to that study in FY 2022.

REFERENCES

SAN LUIS OBISPO COUNTY, CA PLANNING AND BUILDING AND CANNABIS FEE STUDY	
Contact Person:	Mr. Wes Drysdale, Manager, Administrative Services
Phone Number:	805.781.5205
Email Address:	wdrysdale@co.slo.ca.us
Mailing Address:	1055 Monterey Street San Luis Obispo, CA 93408
Dates of Performance:	Planning and Building Fee Study 2021; Cannabis Fee Study 2022
Project Description:	Developed cost-based fees for planning and building permits, conducted peer price comparisons, advised on impact of fees on permitting system, developed a technology fee. Reduced the number of authorized fees from 800 to fewer than 200, greatly simplifying its fee schedule, making it more understandable and transparent to applicants. Cannabis fee study.

Scope of Work

Approach and Methodology

Cost allocation plans and indirect cost rates are essential tools for municipal fiscal management. Well-documented and defensible plans are essential for our clients to recover indirect administrative costs in a variety of internal and external contexts. MGT is a nationally recognized specialist in developing cost allocation plans and assisting our clients with cost allocation plan implementation. Our effort will allow the County to account for the actual cost of providing services and to calculate hourly staff rates that will recover all allocated costs using a clear, equitable and defensible method that complies with regulations.

MGT's cost allocation plans and indirect cost rates provide our clients with exceptional financial and managerial information. Examples of useful and meaningful information that can be extracted from the plan reports include:

- ♦ Compliant documentation for state or federal reimbursement
- ♦ Defensible interfund transfers
- ♦ Identification of administrative expense

Burso™ Cost Allocation Software

We utilize MGT's proprietary cost allocation software, **Burso™**, to develop the cost allocation plans. Our cost allocation software incorporates years of refinements and continual field use by MGT consultants. The software has been utilized to develop local government, statewide and state agency cost allocation plans that have been reviewed by numerous federal and state agencies. It is the tool we use to generate all of the 2 CFR Part 200 and Full Cost allocation plans we prepare on behalf of city, county and state clients each year.

SCOPE OF WORK

The Burso™ software uses a double iteration (step-down) methodology ensuring the full allocation of all costs and the recognition of the cross allocations among central service agencies. The software enables the allocation of an unlimited number of cost pools using multiple allocation bases. Report outputs include detailed schedules that reconcile all costs allocated in the CAP to the County's financial statements. It also provides summary and management reports which compare the current year's allocation results with prior years.



Burso™ writes reports directly into Microsoft Excel, providing us the ability to modify the presentation of results fully customized to Tehama County.

Burso™ writes reports directly into Microsoft Excel, which provides us the ability to modify the presentation of the results in a nearly unlimited fashion. MGT's final reports are packed into all-inclusive PDF files that include a plan cover, table of contents, introduction, certifications, detailed cost allocation results, and departmental narratives. Executive Summary information and year-to-year comparison worksheets can be incorporated into separate deliverables for County management and other users that are more interested in bottom line results and don't require all the detailed calculations. Our cost plans offer transparency to both reviewers and the public.

Effective and Continuous Communication

Effective and continuous communication between the MGT Project Director, the County Project Officer, MGT team members, and stakeholders is one of the most critical aspects of project management. The MGT Project Director will actively seek input and feedback from the County Project Officer and key stakeholders at each stage of this study. MGT's Project Director will regularly communicate information about the study's progress and problems which may arise before becoming a larger issue.

Project Management

Each of our proposed senior level consultants is an expert in applying various project management methods and techniques to cost allocation projects. This expertise is rooted in completing hundreds of cost allocation plans, many for jurisdictions similar in size to the County and many requiring negotiations with state and federal auditors. Additionally, all MGT consultants attend regular peer group reviews and training sessions to continuously refine project management, client service and 2 CFR Part 200 knowledge and skills.

Our approach is to jointly establish a framework of firm timelines and milestones with each client based on that client's unique circumstances and needs. Aside from fixed deadlines and milestones, however, the framework is flexible to accommodate each client and even each annual project for recurring clients.

MGT's project management process and client satisfaction components are graphically represented below in **Exhibit 2**. We have found that focusing on these six components of client satisfaction ensures that the work is properly performed and that milestones are met on schedule and within budget. The primary tool for delivering each of the components is communication. Our project teams are in regular contact with the project executive, providing project status updates and explaining any variances from the planned schedule. Additionally, **MGT is committed to regular client contact through client meetings and formal status updates at regular intervals.**

MGT Client Satisfaction Components

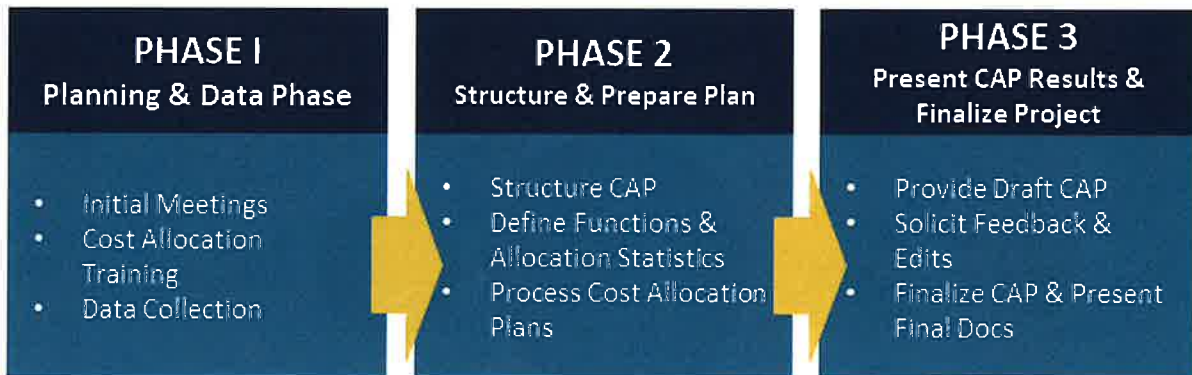


Exhibit 2. MGT's Components to Client Satisfaction

Proposed CAP Work Plan

Organized Phased Approach to CAP

The following work plan has been refined over many years to provide a methodology that produces MGT's cost allocation plans with minimal disruption to our client's workloads. Following are the steps involved with preparing a 2 CFR Part 200 and indirect cost rates. The tasks associated with the overall process are presented below. This is a draft schedule which can easily be modified depending on the County's direction.



PHASE 1 PLANNING & DATA PHASE

Task 1.0: CONDUCT AN INITIAL MEETING WITH DESIGNATED PERSONNEL

Meet with County personnel who have responsibility or a high interest in the cost allocation plan and indirect cost rates. This meeting will revisit the project scope, adjust specific objectives, goals, uses, requirements, measurements, and agree upon the schedule of the project. This meeting will also help the project consultants understand the unique aspects of the County including any changes in the organizational structure. Since we have experience with this project previously, this meeting will be utilized to discuss the changes that Caltrans is requesting and how it will impact the project.

Task 2.0: CONDUCT INTRODUCTORY TRAINING SESSION WITH ALL RELEVANT PERSONNEL

Conduct an initial and introductory training session with key County personnel and project stakeholders. Project consultants will work with County personnel to reintroduce the objectives, content, and list of attendees for this meeting or presentation. This session is vital to successful project results including

SCOPE OF WORK

approval by operating department officials. Agenda items for these meetings or presentations could include:

- ♦ Review the project scope, objectives, and schedule.
- ♦ Review available financial and allocation data.
- ♦ Summarize the purpose for calculating the cost allocation plans.
- ♦ Review example summary reports produced by the project.
- ♦ Discuss example applications produced by the project.
- ♦ Review and confirm the federal and/or state requirements.
- ♦ Address potential areas for additional direct or indirect cost recovery.
- ♦ Review the potential impact of the changes Caltrans are requesting in the current process. How will indirect rates that are different for each functional area impact cost recovery.

Task 3.0: REVIEW THE DEPARTMENT'S ORGANIZATIONAL STRUCTURE

As we endeavor to update the existing cost allocation and indirect cost rate process to reflect the Caltrans changes, we will review the department's organizational structure to identify what different functional areas or funding sources may need to be isolated for creating separate allocations and/or rates.

Task 4.0: COLLECT BASIC FINANCIAL AND OPERATIONAL DATA

Collect and review data such as organization charts, expenditure statements, budgets, personnel counts, salary reports, and transaction statistics. Project consultants will work with County personnel to develop and gather the needed data in the most efficient way possible. The review of this data will provide the structure for the cost allocation plans including the determination of direct and indirect costs and identify potential allocation statistics.

Task 5.0: CONDUCT DEPARTMENT INTERVIEWS

Meet with and interview department staff or representative, if necessary, to assist in determining the allowable expenditures, services provided, charge backs or direct bills, personnel providing the services, the recipients of the provided services, and appropriate allocation data.

Task 6.0: EVALUATE EXISTING METHODOLOGIES AND DEVELOP REPORT OF FINDINGS AND RECOMMENDATIONS

Based on the information gathered in Task 4.0 and the data received from all prior steps, MGT will evaluate the County's existing methodology and identify all of the changes that will be necessary to comply with the Caltrans change request.

PHASE 2 STRUCTURE & PREPARE PLAN

Task 7.0: DEVELOP COST PLAN STRUCTURE & DISTRIBUTE INDIRECT COSTS INTO FUNCTIONS

Using the department organizational structure, costs and staffing information, MGT will determine the basic structure of the cost allocation plan, identifying indirect and direct costs, and grouping the indirect costs into functions/pools for allocation:

- ♦ Indirect cost pools will be determined based on timesheets, assignments, activities, or other allowed methods. Once staff members and their corresponding salaries are distributed into pools, related costs such as materials and supplies will also be distributed into the same pools. The goal of this task is to group similar indirect costs so that they can be allocated similarly throughout the cost allocation plan.

This step uses a feature in Burso™ that is not available in most other cost allocation plan software. The MGT proprietary cost allocation software has the ability to analyze, display, and allocate the indirect costs of each indirect cost pool in great detail. This detail facilitates review, explanation, and understanding of incoming costs which leads to reduced errors, fewer reruns of reports, and the ultimate acceptance and approval of the cost allocation plan.

Task 8.0: DEVELOP ALLOCATION BASES FOR INDIRECT COST POOLS

Determine an appropriate allocation base for each indirect cost pool. This determination will serve as the basis for allocating the allowable costs in each pool to the recipients of the service.

Indirect cost pools will be allocated to all functional divisions or funding sources that they provide benefit to. This allocation methodology ensures the fairest and most accurate distribution of costs as opposed to a methodology that singles out divisions or funds for maximum allocation.

Task 9.0: PROCESS DRAFT COST ALLOCATION PLANS AND INDIRECT COST RATES

Process the draft cost allocation plans using Burso™. The cost allocation plans will include summary and detail reports. Summary reports in the cost allocation plans will provide information on the dollar

SCOPE OF WORK

amounts allocated from each central service department to every receiving department. The detailed reports in the cost allocation plans provide information on the expenditures, allowable costs, incoming costs, personnel distribution, functions, and allocation bases for every central service department.

The indirect cost rates will be developed based on the completed cost allocation plan. Preliminary plans are for different indirect cost rates for each functional division within the department. MGT will identify the appropriate indirect cost rate base (what costs the rate will be applied against) through discussions with the department and an analysis of the spending from each funding source.

Task 10.0: QUALITY CONTROL & INTERNAL REVIEW OF DRAFT COST ALLOCATION PLAN AND INDIRECT COST RATES

The project manager and the project consultant will undertake an internal review process to raise the accuracy of the cost allocation plan and indirect cost rates and ensure County personnel do not waste time reviewing substandard or incomplete work. Additionally, the Burso™ proprietary cost allocation software automatically generates self-auditing schedule that reconciles the sum of all central service department expenditures to the sum of all allocated costs.



Task 11.0: PROVIDE TEHAMA COUNTY WITH DRAFT COST ALLOCATION PLAN AND INDIRECT COST RATES

Present a copy of the draft cost allocation plan and indirect cost rates. This step is an opportunity to review preliminary results, address questions or concerns, and make changes as necessary.

PHASE 3 PRESENT RESULTS & FINALIZE PROJECT

Task 12.0: PROCESS FINAL PLAN AND RATES & PROVIDE FINAL DOCS

Process the final cost allocation plan and indirect cost rates after addressing any issues raised in Task 11.0.

Provide an electronic copy (Adobe PDF file) of the final cost plan and indirect cost rates following confirmation that the work is final by the County project officer. Additionally, project consultants will provide electronic copies (Excel or Adobe PDF files) of summary schedules, variance analyses, and management reports as requested. All MGT work papers are also available upon request.

Each cost allocation plan will contain:

- ♦ A narrative that clearly defines the purpose, uses, and goals of the plan.
- ♦ Descriptions of the methodology and procedures.
- ♦ Descriptions of the central services and the allocation bases utilized to allocate costs.
- ♦ Actual distribution of indirect costs to programs.

Task 13.0: PRESENT PROJECT RESULTS TO PROJECT STAKEHOLDERS AND SUBMIT TO CALTRANS FOR REVIEW

Presentation of the final project results to the County's stakeholders. MGT will also submit the final documents to Caltrans for their review and approval. MGT will work as the County's partner in leading the effort in negotiation and achieving final approval of the plan and rates. .

ICAP/ICRP Project Deliverables

DELIVERABLES

- ♦ 2 CFR Part 200 compliant DPW Cost Allocation Plan
- ♦ 2 CFR Part 200 compliant Indirect Cost Rate Proposal
- ♦ County Submission Packet for two items above for each of the following fiscal periods:
 1. ICAP/ICRP Based on 2023/2024 Actual Expenditures

Schedule of Work

These tasks will lead to the completion of the 2 CFR Part 200 cost allocation plan and indirect cost rates in four months, assuming key data is made available in a timely manner. This represents the estimated amount of time to provide the proposed services.

Cost Allocation Plan and indirect Rates		Month				On Going
		1	2	3	4	
PHASE 1: PLANNING & DATA PHASE						
1.0	Initial Meeting					
2.0	Introductory Training					
3.0	Review Existing Structure					
4.0	Collect Core Organization & Financial Data					
5.0	Conduct Department Interviews					
6.0	Evaluate Existing Methodologies and Develop Recommendations					
PHASE 2: STRUCTURE & PREPARE PLAN						
7.0	Develop cost plan structure & Distribute central service department costs into functions					
8.0	Develop allocation bases for central service department functions					
9.0	Process Draft Cost Plans and Indirect Rates					
10.0	Quality Control & Internal Review					
11.0	Provide Draft Cost Plans					
PHASE 3: PRESENT CAP RESULTS & FINALIZE PROJECT						
12.0	Process Final Cost Plans & Provide Final Docs					
13.0	Present project results to project stakeholders and negotiate with Caltrans					
14.0	Prepare a cost allocation plan project recap report					

Required Statements

Conflict of Interest Statement

MGT has no actual, apparent, direct or indirect, or potential conflicts of interest that may exist with respect to the firm, management, or employees of the firm or other persons relative to the services to be awarded pursuant to this RFP.

Litigation Statement

MGT has not been involved in any litigation or court proceedings whereby a court or any other administrative agency has ruled against MGT in any matter related to the professional activities of our firm.

Contract Agreement

MGT accepts the terms of the sample contract agreement provided in Appendix C of the County's RFP. This proposal is firm and irrevocable for a period of no less than (90) ninety calendar days from the date of submittals are due.

Federal-Aid Provisions

MGT is committed to be in compliance with any additional requirements in reference to Attachment 3 – Local Assistance Procedures Manual Exhibit (LAPM) 10-I, and will complete any of the necessary forms following contract award.