

**AGREEMENT TO PROVIDE
PROFESSIONAL CONSULTING SERVICES
TO NASSAU COUNTY**

THIS AGREEMENT, entered into this 10th day of July, 2000, and effective immediately by and between DMG-MAXIMUS, an Illinois corporation authorized to do business in the State of Florida, (hereinafter called the "Consultant") and Nassau County, a county of the State of Florida, (hereinafter called "County"), **WITNESSETH THAT**,

WHEREAS, the County provides certain centralized administrative services to special revenue fund and enterprise departments; and,

WHEREAS, the County desires that cost recovery for these services be compliant with accepted Full Cost requirements; and,

WHEREAS, the Consultant is staffed with personnel knowledgeable and experienced in the requirements of developing and negotiating such governmental cost allocation plans; and

WHEREAS, the County desires to engage the Consultant to assist in developing a Full Cost, cost allocation plan.

NOW, THEREFORE, the parties hereto mutually agree as follows:

- (1) **Employment of Consultant.** The County agrees to engage the Consultant and the Consultant hereby agrees to perform the following services.
- (2) **Scope of Services.** The Consultant shall do, perform, and carry out in a good and professional manner the following services:
 - a. Preparation of Full Cost cost allocation plans based on actual expenditures for fiscal year 1999 for indirect cost recovery during FY 2001.
 - b. Schedule meetings with affected departments for the purpose of reviewing cost allocation plan process and goals, as well as uses for the plan by a variety of departments, and remain available to respond to questions during the finalization process.

Exhibit A defines specifically the work plan for the above services.

- (3) **Time of Performance.** The services to be performed hereunder by the Consultant shall be undertaken and completed in such sequence as to assure their expeditious completion and best carry out the purposes of this agreement. All services required hereunder shall be completed within ninety days of initiation of the project unless such date is extended in

writing. Provided, however, that Consultant shall not be liable for delays caused in whole or in part by County.

- (4) **Compensation.** The County agrees to pay the Consultant fees and travel expense for the FY 1998-99 cost plan at a **not to exceed fee** of seventeen thousand, eight hundred and twenty-five dollars (\$17,825.00). The County agrees to pay the Consultant within (15) fifteen days of invoice date. An additional two years are offered in this contract at an increase of two thousand dollars (\$1,000.00) for each subsequent year. A schedule of fees has been attached to the scope of services.
- (5) **Consultant Fees.** The fee compensation described in number four (4) above is estimated based on the expected level of involvement of Consultant staff.
- (6) **Method of Payment.** The Consultant shall invoice the County sixty percent (60%) of the contract amount within thirty (30) days of project initiation, thirty percent (30%) of the contract amount within sixty (60) days of project initiation, and ten percent (10%) upon completion of the project.
- (7) **Changes.** The County may, from time to time, require changes in the scope of services of the Consultant to be performed hereunder. Such changes, which are mutually agreed upon by and between the County and the Consultant, shall be incorporated in written amendment to this agreement.
- (8) **Services and Materials to be Furnished by the County.** The County shall furnish the Consultant with all available necessary information, data, and material pertinent to the execution of this agreement. The County shall cooperate with the Consultant in carrying out the work herein and shall provide adequate staff for liaison with the Consultant and other agencies of the County.
- (9) **Termination of Agreement for Cause.** If, through any cause, the Consultant shall fail to fulfill in timely and proper manner his obligation under this agreement, the County shall thereupon have the right to terminate this agreement by giving written notice to the Consultant of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. The County shall pay Consultant for services rendered and expenses incurred through the effective date of termination.
- (10) **Information and Reports.** The Consultant shall, at such time and in such form as the County may require, furnish such periodic reports concerning the status of the project, such statements, certificates, approvals and copies of proposed and executed plans and claims and other information relative to the project as may be requested by the County.
- (11) **Records and Inspections.** The Consultant shall maintain full and accurate records with respect to all matters covered under this agreement. The County shall have reasonable access at all proper times to such records, and the right to examine and audit the same and to make transcripts therefrom, and to inspect all program data, documents, proceedings, and activities.

- (12) **Copyrighted Materials.** The County acknowledges that the reports to be provided by Consultant are copyrighted. County agrees that all ownership rights and copyrights thereto lie with Consultant. County may use them solely for and on behalf of County's operations. County agrees that it will take appropriate action by instruction, agreement or otherwise with its employees to satisfy its obligations with respect to use, copying, protection and security.
- (13) **Accomplishment of Project.** The Consultant shall commence, carry on, and complete the project with all practicable dispatch, in a sound, economical, and efficient manner in accordance with the provisions thereof and all applicable laws.
- (14) **Matters to be Disregarded.** The titles of the several sections, subsections, and paragraphs set forth in this contract are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of the provisions of this contract.
- (15) **Completeness of Contract.** This contract and any additional or supplementary document or documents incorporated herein by specific reference contain all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this contract or any part thereof shall have any validity or bind any of the parties hereto.
- (16) **County Not Obligated to Third Parties.** The County shall not be obligated or liable hereunder to any party other than the Consultant.
- (17) **When Rights and Remedies Not Waived.** In no event shall the making by the County of any payment to the Consultant constitute or be construed as a waiver by the County of any breach of covenant, or any default which may then exist, on the part of the Consultant, and the making of any such payment by the County while any such breach or default shall exist in no way impair or prejudice any right or remedy available to the County in respect to such breach or default.
- (18) **Personnel.** The Consultant represents that it has, or will secure at its own expense, all personnel required in performing the services under this agreement. All of the services required hereunder will be performed by the Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services.
- (19) **Consultant Liability.**
 - a) If Audited. The Consultant will assume, without incurring any liability therefore, that all financial and statistical information provided to the Consultant by the County, its employees or representatives is accurate and complete. The County, its employees or representatives further assume all responsibility for accurate and timely provision of relevant information to Consultant. Consultant shall assist County, its employees or representatives in identifying relevant information. The County hereby agrees to bear any and all costs and expenses associated with the denial of funding applications or


any subsequent disallowance of funds paid to the County, due to inaccurate, incomplete, or untimely information provided by the County, or due to the Consultant's legitimate efforts to optimize funding assistance.


- b) **Limitation of Liability.** The County agrees that the Consultant's total aggregate limit of liability hereunder (whether in contract, statutory or otherwise) for damages on one or more of all claims (regardless of the number of different or other claims or occurrences) arising out of Consultant's performance under this agreement shall not exceed the Contract amount. The County further agrees that consultant shall not be liable to the County for any indirect, incidental, special or consequential damages arising out of or in connection with the Consultant's performance hereunder.
- (20) **Assignment.** Consultant agrees not to assign, convey or transfer its interest in the Agreement to any other entity without the prior written consent of County, which consent shall not be unreasonably withheld. Provided however, Consultant may assign, convey or transfer its interest in this Agreement to an entity which succeeds to substantially all of the business of Consultant, by merger or otherwise.
- (21) **Year 2000.** Consultant's proprietary software is subject to evaluation and testing for Y2K compliance and either is or will be Y2K compliant in a timely manner. To the extent that Consultant relies on the interface of data from County software and hardware, Consultant is unable to make any representations with respect to the interface of data downloaded from the County's software and hardware or that of unrelated third parties. Except as set forth herein, Consultant makes no representations or warranties with respect to Year 2000.
- (22) **Notices.** Any notices, bills, invoices, or reports required by this agreement shall be sufficient if sent by the parties in the United States mail, postage paid, to the address noted below:

Nassau County
PO Box 1010
Fernandina Beach, Florida 32035
Phone Number (904) 321-5782

DMG-MAXIMUS, INC.
1949 Commonwealth Lane
Tallahassee, Florida 32308
Phone Number (850) 386-1101


IN WITNESS WHEREOF, the County and the Consultant have executed this agreement as of the date first written above.

By: 
Nick D. Deonas, Chairman
Board of County Commissioners

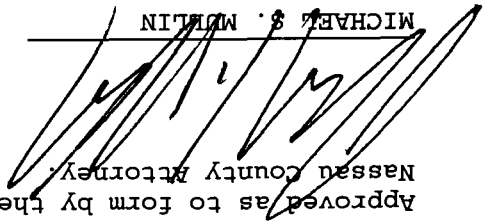
By: 
Russell H. Campbell, Jr., Director

Date: July 10, 2000

Date: _____

Attest: 
J. M. "Chip" Oxley, Jr.
Ex-Officio Clerk

Attest: _____

Approved as to form by the
Nassau County Attorney.

MICHAEL S. MILLIN

The following schedule demonstrates the proposed fees by task. This schedule is offered as supplemental information to the contract.

Deliverable/Task	Total Hours	Fees*
Phase I. Development of a Full Cost Allocation Plan		
Part 1. Project Initiation		
Task 1. Initial Project Communication with Client	2	250
Task 2. Information Request and Data Collection	2	250
Optional tasks at client request:		
Group Presentation to Management Team Members	8	1,000
Group Presentation to Receiving Departments	8	1,000
Part 2. Work Tasks		
Task 1. Review Collected Data	4	500
Task 2. Complete Data Gathering	12	1,500
Task 3. Analyze Cost Allocation Data Sources	8	1,000
Task 4. Interview Central Service Staff	20	2,500
Task 5. Develop and Analyze Allocation Base Data	24	3,000
Task 6. Supervise and Verify Data Entry	6	750
Task 7. Disseminate Worksheets of Data Entry for Verification	-	-
Task 8. Analyze First Draft of the Cost Allocation Plan(s)	12	1,500
Task 9. Summarize Section I or unbilled costs by benefiting department	-	-
Task 10. Analyze Indirect/Direct Cost Recovery Policy	16	2000
Task 11. Review Carry-Forward Adjustments Policy	2	250
Total Phase I.	124	15,500
Phase II. Preparation of all exhibits, submittal of plan to cognizant agency, and negotiation of costs		
Task 1. Prepare submission of departmental cost plan to cognizant agency	-	-
Task 2. Negotiate costs with federal officials	-	-
Task 3. Defend the plan if audited	-	-
Task 4. Review the negotiated fixed costs with agencies	-	-
Task 5. Provide assistance to employees	-	-
Total Phase II.	-	-
Totals (including 15% travel expense)	124	\$17,825

General Firm Qualifications and Automation Support

A. Firm Qualifications

DMG-MAXIMUS was established over 20 years ago to provide experienced and high quality analytical services to public sector agencies. The firm is now a wholly owned subsidiary of the MAXIMUS Corporation, the largest provider of management consulting services to government in the United States. The founders of DMG-MAXIMUS established it based on the philosophy that senior and experienced staff members would be involved in all phases of our management studies.

This is still the operating and service philosophy of the firm. The original focus of the firm's business was cost analysis for states, for cities, and for counties. A major and growing components of our work includes organization studies, management audits, human resources studies, and other analyses of local government organization and operations. Since the firm was established, DMG-MAXIMUS has conducted over 10,000 projects for over 2,500 local government client agencies.

Key elements of the DMG-MAXIMUS approach to the business of providing management consulting services to local governments include the following:

- A non-working partner is in charge and/or managing our consulting assignments.
- A Vice-President of the firm manages and serves as a lead analyst on each of our projects.
- Involvement of less experienced analytical staff is properly assigned. All members of our project team are seasoned local government management analysts.
- DMG-MAXIMUS project team members are personally committed to assist our clients in determining the optimum solutions.

Since its inception in 1976, the firm has been headquartered in Chicago, Illinois. Currently, our full-time professional staff is 350. We have over 34 offices in 22 states and overseas. This project would be largely conducted and managed from our office in Tallahassee, which is our headquarters for consulting projects in the State of Florida.

DMG-MAXIMUS, INC. (DMG-MAXIMUS) is dedicated to providing services to the public sector and is widely known and accepted as expert in the provision of cost allocation services.

Because of DMG-MAXIMUS tenure in the field of cost allocation, user fee studies, and utility financial consulting, we have become the preeminent firm in this area. DMG-MAXIMUS, on a national basis, prepares over 1800 Full Cost, A-87 Cost Allocations Plans, Departmental Cost Allocation Plans (Full and OMB), and Indirect Cost Rate Proposals for counties, cities and state agencies. A large portion of the OMB plans are submitted to federal cognizant agencies for formal review and negotiation. All are successfully defended and negotiated. It is our national expertise, along with the extensive knowledge of the Tallahassee staff that will ensure the City the most successful engagement possible.

On an annual basis DMG-MAXIMUS prepares an average of 40-50 Cost Allocation Plans within the State of Florida. These plans range in size from the statewide plan to large, medium, and small local governments in the State of Florida. The complexity ranges from simple basic cost allocation to multi-tiered allocations for specific and/or unique requirements resulting from grant restrictions, local restrictions, or special purpose calculations.

DMG-MAXIMUS also prepares, where acceptable, simple Indirect Cost Rate Proposals (ICRP) for departmental overhead rates. The decision to prepare a full cost plan VS. a simple ICRP is contingent on the restrictions of the funds involved; specific grant requirements; potential impact on other flow through costing mechanisms, and the intended purpose and ultimate utilization of the results. The ICRP calculations are most common in the State of California where the State has implemented a special program for local government's recovery of overhead costs related to FEMA projects; overhead typically is not allowable to subgrantees of FEMA grants.

Departmental or program rates are typically prepared, either through the cost plan approach or the ICRP approach, to determine the appropriate overhead of a department responsible for administering grants or special programs.

For over ten years, DMG-MAXIMUS has provided Cost Allocation Plan services to state agencies, counties and cities within the state of Florida. In the most recent years DMG-MAXIMUS has completed plans for the Florida counties of:

- Alachua
- Bay
- Broward
- Escambia
- Hendry
- Highlands
- Hillsborough

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- Lee
 - Leon
 - Madison
 - Manatee
 - Marion
 - Martin
 - Monroe
 - Okaloosa
 - Orange
 - Pasco
 - Pinellas
 - Polk
 - St. Johns
 - Sarasota.

Additionally, DMG-MAXIMUS has provided Cost Allocation Plan services recent years to the Florida cities of:

- Boca Raton
- Gulf Breeze
- Hialeah
- Hollywood
- Homestead
- Jacksonville
- Miami
- Palm Bay
- Pensacola
- Tallahassee
- Tamarac
- Tampa
- West Palm Beach
- Sarasota

DMG-MAXIMUS has also provided cost allocation services in recent years to the following Florida State agencies and associations:

- Executive Office of the Governor to complete the Florida Statewide Cost Allocation Plan
- Executive Office of the Governor Administrative Services

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- Department of Community Affairs
 - Department of Management Services Office of Information Technology
 - Department of Health and Rehabilitative Services (now Department of Children and Families) Office of Information Services
 - Department of Juvenile Justice
 - Department of Law Enforcement
 - Department of Health
 - Southwest Florida Water Management District

In addition to the Full Cost and A-87 Plans, the Project Team outlined in this proposal has prepared Cost Allocation Plans for such diverse programs as MIS, Fleet Management, Airport Space Costs, Airport Access Costs, Risk Management, and Self-Insurance Programs. Also, the Project Team assigned for this engagement has been involved with the preparation of detailed Cost Plans for Sheriffs' Offices in the State of Florida and Louisiana. These Cost Plans are used for the development of comprehensive jail rates for the housing of Federal Marshall's and INS prisoners and have been successfully negotiated with the U.S. Marshall's Service.

DMG-MAXIMUS has been so successful in conducting Cost Allocation Plans within the State of Florida that we have never been unable to successfully negotiate an A-87 Cost Plan that has gone through the federal review process. One year DMG-MAXIMUS was retained by the Florida Department of Health and Rehabilitative Services to modify and defend their previously non-DMG-MAXIMUS plan with the U.S. Department of Health and Human Services. DMG-MAXIMUS was successful in the negotiation.

The assistance DMG-MAXIMUS has provided to other county and city clients, and the State of Florida, as well as other areas of the country, has enabled us to develop the most extensive level of knowledge regarding the development, preparation, submittal, and successful negotiation of Cost Plans in the United States. The Cost Plan services provided by DMG-MAXIMUS are the cornerstone of our practice and not something DMG-MAXIMUS does in addition to other services.

B. Automation Support

DMG-MAXIMUS proprietary software system, **New Griffith Cost System II (NGCSII)**, will be utilized to prepare the cost plans for this project. As we discuss the software system, NGCSII, in more detail, keep in mind that this system has been used to conduct hundreds of such studies. Also licensing is available but is not included as a part of this proposal, unless and until the County expresses a desire to consider such a license. Information is available upon request.

NGCSII is an integrated cost allocation software system developed by DMG-MAXIMUS to specifically meet the needs of OMB Circular A-87. Its flexibility and

range of features make it equally useful for producing Full Cost Allocation Plans, departmental cost allocation plans, and a variety of other costing studies. Released in November 1989, NGCSII is an enhanced version of our earlier cost plan software.

NGCSII features easy-to-follow, worksheet-format data entry screens for organizing plan cost centers at the department, division, or activity level, depicting actual or budgeted costs by cost object, and compilation of statistical allocation bases. NGCSII utilizes a compiled C-language program routine to calculate dollar allocations of cost and produces detail and summary reports in an ASCII text format.

DMG-MAXIMUS consultants frequently convert the resulting electronic files to database files for special report development, particularly for year to year comparisons. This is particularly helpful when dealing with roll-forward issues. Currently the County of Hillsborough does not have to deal with roll-forwards. Some local governments do become involved with these calculations. One example is the City of New Orleans. NGCSII is capable of computing the roll-forwards on an annual basis.

The indirect cost rates can be generated within the NGCSII software also.

Unit costs of services can be calculated within the software. With proper coding fully loaded hourly rates of employees or employee groups can be calculated. These calculations can be accomplished within the context of a regular cost allocation plan or in a special plan for the specific purpose.

NGCSII provides for an initial cross-allocation with a step-down second allocation among central service functions. The cross-allocation option provides for greater accuracy in the accounting of costs, whereas the step-down methodology results in greater flexibility in recovery optimization. Multiple step-downs can be used for multi-tiered plans or to solve irreconcilable sequencing issues. For those instances where spreadsheet simplicity is preferred, a single step-down can be used. DMG-MAXIMUS rarely recommends this process since it does not provide for full overhead distribution within and among central service departments.

Our system has been reviewed and approved by cost negotiators for the following federal agencies:

- Department of Labor
- Department of Health and Human Services
- Department of Housing and Urban Development
- Environmental Protection Agency
- Department of Justice
- Department of Education
- Department of the Interior

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- Environmental Protection Agency

Careful coding allows for optimization of recoveries with safeguards for grant restrictions and limitations without loss of integrity of proper application of OMB A-87 guidelines.

NGCSII operates on any IBM-compatible personal computer with DOS 2MB RAM and a hard disk. Although the system operates in a DOS environment, it functions compatibly with Windows. The integrity of the calculations is secure even after 20 years of changes and enhancements. Attempts to discredit the integrity of the NGCSII calculations have been attributable to:

- Misunderstanding the multiple step-down process
- Misunderstanding of the rules for sequencing the central service departments
- Misreading the resulting reports due to misunderstanding the sequence of calculations.

NGCSII can also be used for activity based costing. Costs of the components of a service can be identified, compared with revenue for cost recovery information and ultimately used to project revenue increases with corresponding changes in charges for services. NGCSII was used for this purpose for the City of New Orleans in its review and update of all of its fee service areas.

It would be far too voluminous for us to list every plan prepared and approved utilizing this software. Other than our university practice, nearly every state agency plan approved utilizes the NGCSII Software System. Please refer to Attachment B for a review of the methodology accomplished in the NGCSII software and for a review of the basic schedules produced.

The key to our software's success and longevity is not just its technical structure, but the flexibility it allows our consultants to accomplish a multitude of costing activities customized to provide results to the unique needs of our clients.



MAXIMUS

Helping Government Serve The People

June 26, 2000

Mr. Walter Gossett
County Coordinator
Nassau County
PO Box 1010
Fernandina Beach, Florida 32035

Dear Mr. Gossett:

DMG-MAXIMUS appreciated the opportunity to speak with you at the June 2000 FAC Conference. As a result of our conversation, and our understanding of your interest in obtaining professional services in the form of indirect cost allocation plan preparation, I have enclosed the following materials:

- o Two copies of a signed contract for professional services, please sign both and return one copy for our records.
- o Matrix of Project Tasks, Hourly Requirements, and Pricing.
- o Statement of General Firm Qualification and Software Capability and Support.
- o Information request letter, and schedule of interviews necessary to meet engagement goals.

DMG-MAXIMUS is available under state contract reference number MSA#BT6H03S, or through the FAC Foundation. We look forward to assisting Nassau County in this and any future endeavors. Please contact me at (850) 386-1101 for any needs.

Sincerely,

Russell H. Campbell
Director

Enclosures

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FAC FOUNDATION



MAXIMUS

Helping Government Serve The People

June 26, 2000

Mr. Walter Gossett
County Administrator
Nassau County
416 Centre Street
Fernandina Beach, Florida 32034

Dear Mr. Gossett:

Attached is a list of the types of information that will be necessary to successfully complete Nassau County's Cost Allocation process. The schedule of information has been compiled based on our previous knowledge of the types of information available. We would appreciate your assistance in gathering the information and/or beginning the notification of certain departments that can aid in gathering the statistical measures. If there are questions about the format or detail of the information, we will gladly address them by phone or upon arrival.

As previously communicated by phone, we will be on-site July 11-13, 2000. During that time, we will review and gather the information requested, conduct interviews of particular departments and determine what alternative/additional sources of information that may be needed. It is our expectation that these three days will provide a start to the cost plan, and any additional days will be scheduled as needed before our departure. In addition, we are requesting office space that accommodates personal computers and access to a phone for forwarding and receiving phone calls.

If there are any questions about the procedures that we will follow during the initial visit, do not hesitate to contact me at (850) 386-1101. We look forward to working with your office and the staff at Nassau County on this very important endeavor, and we will meet with you on Tuesday, July 11, 2000, from 1:00 p.m. to 3:00 p.m. for preliminary preparations.

Sincerely,

Robert T. Wigen
Manager
DMG-Maximus
Enclosure (1)

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Schedule of information needed for FY 1999's Cost Allocation Plan. Note: all data should pertain to fiscal year ended October 1, 1998 to September 30, 1999 (FY 1999). In addition, items in bold are preferred in electronic format.

1. Chart of Accounts (all funds/departments/divisions). Please include department names.
2. Detail FY 1999 Revenue by fund/departments/division.
3. Detail FY 1999 Expenditures by fund/departments/division. Please show subtotals by department and grand total.
4. Fixed asset inventory of buildings and equipment by fund/departments/division as of September 30, 1999. Include acquisition cost and number of items.
5. Detailed general ledger reports or transaction count reports (Accounts Receivable and Accounts Payable) by fund/departments/division. Please include subtotals and grand totals.
6. FY 1999 Financial Statements (CAFR).
7. Approved FY 1999 budget document.
8. Organizational chart.
9. Transaction count reports (Accounts Receivable and Accounts Payable) by fund/departments/division. Please include subtotals and grand total.
10. Schedule of employees by fund/departments/division. List the number of FTE(s), individual position title/employee name and salary rate as of September 30, 1999. Please include subtotals by department and countywide grand total.
11. Number of purchase orders processed per fund/departments/division.
12. Number of retirement plan participants per fund/departments/division as of September 30, 1999.
13. Number of union members per fund/departments/division as of September 30, 1999.
14. Square footage occupied per department/ division in:
 - a. City Hall
 - b. Additional Municipal Complexes.
15. Number of warehouse requisitions processed per fund/departments/division.
16. Number of telephone extensions per department/division.
17. Data processing charges per fund/departments/division.
18. Internal vehicle maintenance charges/usage per fund/departments/division.
19. Internal self-insurance charges/usage per fund/departments/division.
20. Internal printing charges/usage per fund/departments/division.

- 21. Internal telecommunication charges/usage per fund/department/division.
- 22. An overview of each department inclusive of mission statement and departmental objectives.