



FIRST AMENDMENT
COOPERATIVE PURCHASE CONTRACT
Audit and Consulting Services
Contract No. 2024-52

This First Amendment ("First Amendment") to the fully executed Cooperative Purchase Contract (Contract No. 2024-52) dated September 25, 2023 (the "Initial Contract") is made and entered into this ____ day of _____, 2023, by and between the City of Flagstaff, a political subdivision of the State of Arizona ("City") and MGT of America, LLC, DBA MGT of America Consulting, LLC, a Florida corporation ("Contractor").

The Parties to the Initial Contract, hereby agree to the following First Amendment. Deleted text has a ~~strikethrough~~ and new text is **bolded and ALLCAPS**.

AGREEMENT

1. Materials and or Services Purchased: Contractor shall provide to the City the materials and or services, as specified in the Scope of Work attached **TO THE INITIAL CONTRACT as Exhibit A, AND THE ADDITIONAL SCOPE OF WORK ATTACHED TO THE FIRST AMENDMENT AS EXHIBIT A**, and in accordance with the Agency Contract. A general description of materials and/or services being purchased is:

Audit and Consulting Services
COST RECOVERY POLICY PROJECT & COST ALLOCATION SERVICES

3. Payment: Payment to the Contractor for materials and/or services provided **UNDER THE INITIAL CONTRACT is thirty-nine thousand one hundred ninety dollars and no cents (\$39,190.00). THERE IS AN ADDITIONAL PAYMENT OF FORTY-SIX THOUSAND THREE HUNDRED DOLLARS AND NO CENTS (\$46,300.00). THE TOTAL AMOUNT OWED CONTRACTOR UNDER THE INITIAL CONTRACT AND THE FIRST AMENDMENT IS EIGHTY-FIVE THOUSAND FOUR HUNDRED NINETY DOLLARS AND NO CENTS (\$85,490.00).**

All other provisions of the underlying Agency Contract and the Initial Contract shall remain unchanged in full force and effect.

(Remainder of Page Intentionally Blank)

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be executed by their duly authorized representatives as of the date first written above. This First Amendment will be in full force and effect only when it has been approved and executed by the duly authorized City officials.

City of Flagstaff

MGT of America, LLC, DBA MGT of America Consulting, LLC

By: _____
Greg Clifton, City Manager

By: _____

Title: _____

Dated: _____

Dated: _____

Attest:

City Clerk

Approved as to form:

City Attorney

Exhibit A
ADDITIONAL SCOPE OF WORK
(attached)

1. Proposal Dated November 10, 2023 for Cost Allocation Services



Proposal

NOVEMBER 10, 2023

RFP

Cost Allocation Services

CITY OF FLAGSTAFF, ARIZONA

Submitted by:

PATRICK DYER

VICE PRESIDENT

3600 AMERICAN RIVER DRIVE, SUITE 150
SACRAMENTO, CA 95864

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pdyer@mgtconsulting.com

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Cover Letter

November 10, 2023

Martin Donohoe
City of Flagstaff
211 West Aspen Ave
Flagstaff, AZ 86001

SUBJECT: COST ALLOCATION SERVICES

Dear Mr. Donohoe:

Flagstaff needs a Cost Allocation Plan (CAP) to maximize administrative claiming and cost recovery on fees charged to ultimately improve the general financial health and fiscal sustainability of the City. MGT of America Consulting, LLC (MGT) is pleased to submit this proposal for Cost Allocation Services for the City of Flagstaff ("City"). Our team's response provides the City with related firm qualifications, key experience, a detailed work plan with timeline, and associated fees to provide services that exceed expectations.

Having successfully completed hundreds of CAPs, indirect cost rate proposals, and related services around the country, MGT understands the City's request goes well beyond the project deliverables. We believe we have the most experienced and knowledgeable CAP consultants in the country. Our staff understands all the latest federal and state CAP requirements and best practices used by local governments. Some of the key benefits to the City of having MGT prepare your CAP include:

- ◆ **Your Trusted Advisor for Flagstaff**– Since 2015, MGT has annually provided the City with accurate, on-time, and transparent CAPs and associated calculations. The City will continue to receive value-priced and exemplary cost allocation services by choosing to retain MGT. From project kick-off through results presentation of the CAP, MGT will be the City's trusted advisor and consultant.
- ◆ **Cost Allocation Expertise** – MGT's project team members for this engagement possess 40+ years of combined cost allocation experience.
- ◆ **Compliance** – Every plan prepared by our firm is thoroughly reviewed by MGT's senior staff and the City's project officer. The proposed project team has unparalleled experience preparing compliant plans that meet or exceed the local/state/federal requirements.

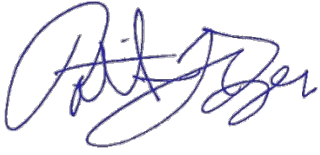
This proposal is firm and irrevocable for a period of no less than 120 calendar days from the date of submittal. If you have questions on any aspect of our proposal, please contact **Michelle Garrett** at **303.807.6331** or by email at mgarrett@mgtconsulting.com.

I am authorized by our firm to commit MGT to the terms and conditions included in the attached proposal.



COVER LETTER

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick J. Dyer". The signature is fluid and cursive, with the first name "Patrick" being more prominent than the last name "Dyer".

Patrick J. Dyer, Vice President
Authorized to Bind the Firm





Firm Profile

We impact the communities we serve — for good.

MGT began operations in 1974 as a public sector research firm and has expanded its consulting capabilities and client offerings over the years. We are a national consulting firm specializing in **assisting public sector clients to operate more efficiently and effectively**. A significant portion of MGT's work is repeat business, reflecting a high level of customer satisfaction in our ability to provide exceptional professional services.

MGT is organized as a privately held, employee-owned, and financially stable limited liability company with a deep roster of experienced cost allocation experts, support resources, and a commitment to serve the public. It's our people that are the driving force behind the impact we create. Every member of the firm has a vested interest in the successful completion of every project, for every client. This mindset is embedded in our culture and is at the heart of what we do.

MGT has acquired a keen understanding of the structures, operations, and issues facing public agencies. This understanding comes from **nearly 50 years** of extensive experience providing financial and management consulting services to state and local governments, and the prior work experience of our consultants. We are not the biggest, oldest, or highest profile consulting firm; just the best for combining firm qualifications and consultants' cost allocation expertise with the needs of cities, counties, and state agencies.

Prior to MGT, many of our consultants worked in government agencies as managers and staff. This insider knowledge and understanding of government gives our consultants the ability to hit the ground running from the very start of a project. MGT consultants understand what it means to work within constrained timelines, and the need to produce a product that concisely and clearly articulates findings and results.



MGT FIRM AT A GLANCE

Name: MGT of America Consulting, LLC (MGT)

Founded: 1974

Locations: Headquarters in Tampa, Florida; branch offices nationwide

Staff: 500+ consultants with a deep roster of experienced cost allocation experts

Structure: Privately held, employee-owned, client-driven Limited Liability Company

Lines of Business: Government Consulting; Education and Financial Solutions; Diversity, Equity and Inclusion; Human Capital; Cyber Security and Technology






The Social Impact of MGT's Work



Defined by Impact



We understand the goals of the City of Flagstaff and how this project and the City's cost allocation processes truly impact the citizens of the community. A well-executed CAP preserves general fund dollars and enables more discretionary programs. This discretionary spending directly impacts the community and the citizens the City serves. MGT is also a service organization, improving underserved communities through the work we do. Recognizing the positive benefit that our work provides, and not treating these processes as a commodity, ensures we are working toward a positive goal with our clients and producing the best possible outcomes for your community.

- 
Goals of this Project: MGT will develop an effective CAP process, prepare state/federally compliant indirect rates, identify the full cost of City services for improved grant reimbursements, and maximize administrative claiming or cost recovery on fees charged. These all drive the City's general financial health and its fiscal sustainability, both of which lead to many community benefits.
- 
Clear Community Benefit: Appropriately allocated central services ensure the City is in compliance with federal and state laws and appropriately uses general fund revenues so it has revenue to provide services to the public. Properly crafted CAPs assist the City and ensure the organization meets its mission in providing services to the public. New facilities, new programs, and enhancements to the community are all leveraged when the general fund is healthy and properly supported, which this MGT project will ensure. The end result is that this specific MGT project will help Flagstaff better its community.
- 
MGT — Dedicated to the Community: We see the Flagstaff community as our community. MGT consultants have worked in the public sector and understand the challenges you face. We think in the long-term — *for relationships and solutions*. That is why we are deeply committed to helping you bring out the best in your community. Seeing lives improved is how we really measure our mutual success.

MGT's Commitment to Culture

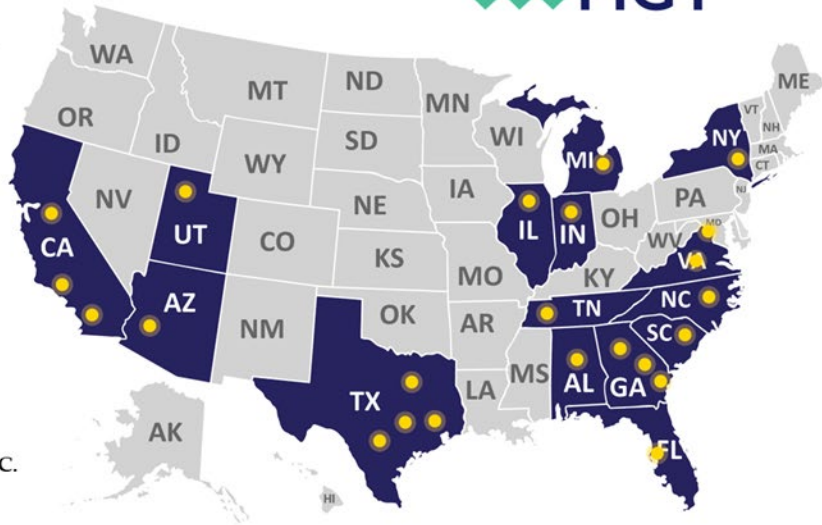
MGT staff are able to quickly assess and assimilate into various situations. Our focus is always on the task at hand, but we recognize that we are performing each task within a unique cultural environment. Our teams work across the country with new organizations on a regular basis and take the time to understand the challenges facing each organization. It starts with listening to our clients, not making assumptions, and drawing appropriate comparisons to past experiences. Our high level of repeat work demonstrates our ability to be professional and develop new relationships.

MGT Office Locations

MGT's headquarters are in Tampa, Florida, with additional locations across the country.

NATIONAL FIRM LOCAL FOCUS

- Alabama**
Birmingham
- Arizona**
Phoenix
- California**
Sacramento
Riverside
Carlsbad
- Florida**
Tampa HQ
- Georgia**
Savannah
Atlanta
Alpharetta
- Illinois**
Chicago Metro
- Indiana**
Gary
- Michigan**
Bay City
- New York**
NYC
- North Carolina**
Raleigh
- South Carolina**
Columbia
- Tennessee**
Nashville
- Texas**
Dallas
Austin
San Antonio
Houston
- Utah**
Salt Lake City
- Virginia**
Richmond
- Washington, D.C.**



MGT Primary Consulting Divisions

MGT employs over 500 consultants and staff. MGT is structured into two primary consulting divisions, along with various internal infrastructure groups to support our operations and growth.



Social Impact Solutions

Our Social Impact Solutions team combines Financial Solutions, Education Solutions, Human Capital, Government Consulting, and Diversity, Equity, and Inclusion (DEI) to provide an integrated team with subject matter expertise and the financial acumen to help municipalities, government agencies, schools, districts, state agencies, and colleges and universities perform at their best and thrive.



Technology Solutions

Our Technology Solutions business supports state, local, education, and private companies as they seek to improve and protect their network infrastructure and data for greater resiliency. We offer world-class IT infrastructure management, cyber security, and strategic IT professional staffing.

Financial Stability and Litigation Statement

As a long-standing contractor, MGT has the financial capacity to undertake and complete a project of this scope. MGT has been in continuous business since 1974 and has the necessary financial ability to perform the functions required by this Request for Proposal (RFP) and to provide those services represented in this response. MGT does not anticipate any organizational changes that may impede our ability to complete any future projects. We have nearly 50 years of experience in providing sound, practical, implementable solutions to state and local governments around the country. In addition, 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. MGT is fully bondable, and financial statements are available upon request.

The Right Fit

The MGT Advantage



IMPARTIAL PERSPECTIVE. MGT offers an expert **impartial perspective** on organizational structure, processes, and practices. As an independent entity, our only vested interest is that of our clients; therefore, we apply our extensive experience to generating objective, independent solutions to meet our clients' needs.



DATA-DRIVEN. MGT leverages **best-of-breed data sources** to inform policy development and service delivery. Our team balances "gold standard" resources with our unique past performance lessons learned. MGT is committed to offering useful recommendations that achieve tangible results and is ever mindful of the practical and political realities the City may face.



EXTENSIVE TRACK RECORD. MGT has an **extensive track record** of providing consulting services that are similar in scope to this project. Our solutions help the organizations we work with achieve their goals and serve their constituents more effectively and efficiently. The considerable amount of repeat work we deliver demonstrates our ability to be professional and develop lasting client relationships.



SPECIFICALLY TAILORED. MGT provides solutions which are **specifically tailored** to meet the needs of our clients. The MGT team has an impressive track record of providing customized solutions, objective research, creative recommendations, and quality products that respond to each client's unique needs and time requirements.

What Makes MGT the Best Choice?

MGT is the best choice for this project for a variety of reasons, including:

- ◆ **Cost Allocation is Our Core Business.** Preparing CAPs and indirect cost rates is our core business. We understand the technical requirements, best practices, and how to deliver a data intensive project that can be understood by all involved staff with maximum transparency. There are engineering firms and small certified public accountant (CPA) companies who dabble in this area and larger consulting firms that do CAPs, but these firms are not committed to these core services over the long run. MGT has nearly 40 full-time consultants who prepare CAPs and

indirect cost rates all year, every year. This focus and commitment allows us to provide better service and the best advice in these areas.

- ◆ **Finest Project Staff and Deepest Bench.** MGT has handpicked the finest consultants in the cost accounting field. No other single factor is as important as the professional staff providing the analysis and managing the project. Our staff understands what the plan is used for and its impacts.
- ◆ **Proximity.** Our project team will be close to the City throughout this effort. We will provide plenty of virtual or on-site consulting and assistance, as appropriate.
- ◆ **Anticipation.** We know what factors produce exceptional plans and what cause projects to stall or eventually fail. MGT will provide the City with a plan for the best possible project. You will know what the project milestones are and who is responsible for which tasks. We can also show you how to avoid common timeline challenges that can derail this type of project.
- ◆ **Innovations.** MGT's consultants have been responsible for many of the key innovations in the CAP area. We invented a cost allocation system that not only provides the most accurate double step-down methodology, but also has a management reports feature that allows the City to understand year-over-year changes in any of its allocations. Every number in our CAP can be easily traced to its source.

Further information on MGT and its services is available at mgtconsulting.com.

Experience and Qualifications

Incomparable Cost Allocation Expertise.

We are proud to offer the exceptional expertise of our team members, and our understanding and knowledge of the City's scope based on years of relevant experience. MGT's Financial Experts in the Social Impact Solutions Group concentrate on CAPs, grant preparation and support, indirect cost rate proposals, user fee studies, and internal service fund rate calculations. These have been our core service offerings since 2007, and our consultants have been leading innovators and practitioners in this field since the late 1980s. Constantly striving for better results and better customer service, our consultants have designed some of the most important new cost allocation methodologies and approaches in the marketplace.

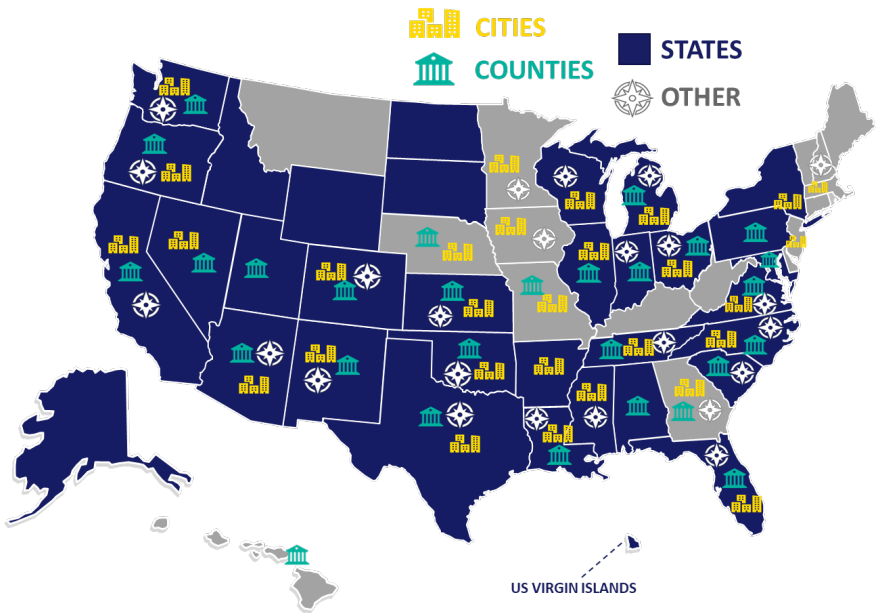


Exhibit 1. MGT's National Cost Allocation Experience

MGT provides a wide range of cost allocation services, ranging from city and county indirect plan preparation and calculation and negotiation of statewide indirect CAPs, to public assistance cost allocation narrative review, development, and federal claiming assistance. Each year, MGT staff prepare and submit hundreds of plans and rates to state and federal authorities for review and approval, as illustrated in the map in **Exhibit 1**. Over the past two years, we have significantly invested in our team, adding senior level staff with decades of experience in preparing user fee studies and reviewing, developing, and implementing public assistance CAPs. No firm anywhere in the United States has a better understanding of the guidelines set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 Code of Federal Regulations [CFR] part 200) and how it is carried out in practice.

Our collective experience provides our clients the confidence that the work done by MGT will not only meet what is considered the "Best Practices" in their specific circumstance but will also meet the requirements set forth in the federal circular and required by their cognizant agency(ies). When the City selects MGT, it gets access to all of the best practices gained from our national experience as well as our regional experience throughout Arizona.

MGT's Specific Cost Allocation Expertise

The goal of city plans is to allocate centrally provided services to all departments in a fair and equitable manner. MGT prepares more city CAPs and user fee studies than any other firm in the United States. We have provided similar services to many comparable cities nationally, as well as to numerous counties throughout the nation. We understand jurisdictions like Flagstaff and what it takes to have a successful engagement.

Experience with the City of Flagstaff

The proposed project team's successful cost allocation experience with the City since 2015 provides us with a deep and rich understanding of City operations, structure, reports, and personnel. This knowledge base translates to a significant advantage for our team in managing the proposed project. Our experience and the relationships we've developed enable us to streamline the process, reduce potential bottlenecks, and ensure a smoother collaboration with City staff.



Cost Allocation Plan Specialists
Since 1974



We have prepared **2,000+** CAPs over the last 5 years



We prepare cost plans in **37 STATES**



70% of our consulting staff are former public sector leaders



Robust CAP Software includes comparison trends & management tools



40+ dedicated CAP consultants averaging **15+** years experience

Exhibit 2. MGT's Cost Allocation Expertise

MGT's National Cost Allocation Experience

MGT has prepared CAPs for the following clients throughout the country within the last five years:

MGT CAP CLIENTS		
ALASKA		
Alaska Environmental Conservation		
ALABAMA		
Jefferson County Commission	Alabama DCNR	
ARIZONA		
City of Flagstaff	Cochise County	Arizona Attorney General
City of Glendale	Coconino County	Arizona Department of Forestry
City of Mesa	Maricopa County	Arizona Forestry & Fire Mgmt.
City of Surprise	Pima County	Arizona Game & Fish
City of Tucson	Pinal County	Arizona Office of the Governor
City of Yuma	Yuma County	
CALIFORNIA		

EXPERIENCE AND QUALIFICATIONS

MGT CAP CLIENTS

City of Alameda	City of Rancho Cucamonga	Napa County
City of Anaheim	City of Redlands	Nevada County
City of Banning	City of Rohnert Park	Orange County
City of Beaumont	City of Rohnert Park Public Safety	Plumas County
City of Chula Vista	City of Roseville	San Bernardino County
City of Clovis	City of Sacramento	San Joaquin County
City of Corona	City of Santa Ana	San Mateo County
City of Covina	City of Turlock	San Mateo County Sheriff
City of Daly City	City of Turlock Transit	Santa Clara County
City of Dublin	City of Whittier	Siskiyou County
City of Fremont	City of Yuba City	Sonoma County
City of Fresno	Alpine County	Stanislaus County
City of Fullerton	Amador County	Sutter County
City of Garden Grove	Butte County	Tuolumne County
City of Healdsburg	Calaveras County	Ventura County
City of Industry	Del Norte County	Yolo County
City of La Mesa	El Dorado County	Yuba County
City of Long Beach	Humboldt County	Golden Gate Bridge Highway & Transportation District
City of Newport Beach	Inyo County	Los Angeles County Metro Transportation Authority (LA METRO)
City of Oakland	Lake County	
City of Oxnard	Lassen County	
City of Pasadena	Mono County	

COLORADO

City and County of Broomfield	Bent County	Lincoln County
City and County of Denver	Boulder County	Logan County
City and County of Denver Fire Rates	Cañon City	Mesa County
City and County of Denver Public Works	Chaffee County	Moffat County
City and County of Denver Special Districts	Cheyenne County	Montezuma County
City and County of Denver Environmental Health	Crowley County	Montrose County
City and County of Denver Human Services	Delta County	Otero County
City of Boulder	Dolores County	Ouray County
City of Brighton	Douglas County	Park County
City of Carson	Eagle County	Phillips County
City of Centennial	Elbert County	Pitkin County
City of Colorado Springs	Fremont County	Prowers County
City of Durango	Garfield County	Rio Blanco County
City of Lafayette	Gilpin County	Routt County
City of Loveland	Grand County	Saguache County
City of Rifle	Gunnison County	Sedgwick County
City of Westminster	Huerfano County	Summit County
Town of Castle Rock	Jefferson County	Teller County
Adams County	Kiowa County	Washington County
Arapahoe County	LaPlata County	Yuma County

EXPERIENCE AND QUALIFICATIONS

MGT CAP CLIENTS		
Archuleta County Baca County	Larimer County Las Animas County	Colorado Dept of Public Safety The Center for Relationship Education
FLORIDA		
City of Margate City of Hollywood Broward County	Collier County Martin County St. Johns County	Pinellas County Southwest Florida Water Management District
GEORGIA		
City of Atlanta	DeKalb County	
HAWAII		
Kauai County		
IDAHO		
State of Idaho Controller's Office	Idaho Department of Health and Welfare	
ILLINOIS		
Boone County DuPage County	Cook County Kane County	Rock Island County
INDIANA		
Blackford County DeKalb County Delaware County Fountain County Jackson County	Jay County Lawrence County Montgomery County Porter County	Vermillion County Warrick County Wayne County Whitley County
KANSAS		
City of St. Marys City of Topeka City of Wichita Johnson County	Sedgwick County Kansas Corporation Commission Kansas Department of Labor Kansas Department of Wildlife	Kansas Department of Wildlife Parks and Tourism Kansas Department of Commerce Unified Government of Kansas Unified Government of WYCO/KCK
LOUISIANA		
City of Alexandria City of Baton Rouge City of Lake Charles City of New Orleans Louisiana Department of Transportation & Development Louisiana Housing Corporation Louisiana Office of Aircraft Services	State of Louisiana State of Louisiana Division of Administration (OSRAP) State of Louisiana HCM State of Louisiana Office of Technology Services Baton Rouge Retirement System East Baton Rouge Parish District Attorney Imperial Calcasieu Regional Planning & Development Commission (IMCAL)	Jefferson Parish Lafayette Consolidated Government Orleans Parish District Attorney Rapides Parish Rapides Parish Police Jury St. Charles Parish St. Tammany Parish Government
MARYLAND		
Frederick County		
MICHIGAN		
City of Kalamazoo City of St. Johns Alcona County Alger County	Gogebic County Grand Traverse County Gratiot County Hillsdale County	Montcalm County Montmorency County Muskegon County Newaygo County

EXPERIENCE AND QUALIFICATIONS

MGT CAP CLIENTS

Alpena County	Houghton County	Oceana County
Arenac County	Huron County	Ontonagon County
Baraga County	Ingham County	Osceola County
Barry County	Isabella County	Oscoda County
Bay County	Iosco County	Otsego County
Benzie County	Kalkaska County	Ottawa County
Branch County	Lapeer County	Presque Isle County
Calhoun County	Leelanau County	Roscommon County
Cass County	Livingston County	Saginaw County
Charlevoix County	Luce County	Sanilac County
Cheboygan County	Mackinac County	Schoolcraft County
Clare County	Manistee County	Shiawassee County
Clinton County	Marquette County	St. Clair County
Crawford County	Mason County	St. Joseph County
Delta County	Menominee County	Tuscola County
Dickinson County	Missaukee County	Wexford County
Emmet County		

MISSOURI

Clay County

NORTH CAROLINA

City of Fayetteville	Davie County	Nash County
City of Greenville	Duplin County	Pitt County
City of Hickory	Forsyth County	Randolph County
City of Salisbury	Greene County	Richmond County
City of Winston-Salem	Guilford County	Robeson County
Town of Cary	Harnett County	Rockingham County
Alleghany County	Hertford County	Rowan County
Cabarrus County	Hoke County	Stokes County
Camden County	Iredell County	Warren County
Catawba County	Lee County	Wilson County
Craven County	Lincoln County	North Carolina Dept of Environment & Natural Resources
Currituck County	McDowell County	North Carolina Housing Finance Agency
		State of North Carolina Department of Environmental Quality

NORTH DAKOTA

State of North Dakota

NEBRASKA

Dawson County	Gosper County	City of Lincoln
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NEW MEXICO

City of Farmington	New Mexico Dept of Health	City of Las Cruces
Los Alamos County	State of New Mexico - Early Childhood Education and Care Department	

NEVADA

Nevada Department of Corrections	City of Las Vegas	City of Reno
State of Nevada		

OHIO

Northeast Ohio Regional Sewer District
Ohio Division of Environmental Response and Revitalization

EXPERIENCE AND QUALIFICATIONS

MGT CAP CLIENTS		
Greater Cleveland Reg Transit		Adams County
OKLAHOMA		
City of Edmond	City of Tulsa	Oklahoma County
OREGON		
Pacific States Marine Fisheries Commission		
PENNSYLVANIA		
Beaver County	Luzerne County	
TENNESSEE		
Nashville and Davidson County - Metro Government		
TEXAS		
City of Abilene	City of Midland	Harris County
City of Arlington	City of Odessa	Harris County Health Department
City of Bryan	City of Plano	Kendall County
City of College Station	City of San Angelo	Tarrant County
City of Corpus Christi	City of San Antonio	Victoria County
City of Dallas	City of Waco	Texas Department of Agriculture
City of Denton	Cameron County	Texas Office of the Attorney General
City of Fort Worth	Collin County	Texas Office of the Governor
City of Garland	Dallas County	Texas Veterans Commission
City of Houston	El Paso County	Rio Grande Council of Government
City of Lewisville	Galveston County	Texas Department of Housing and Community Affairs
UTAH		
State of Utah		
U.S. VIRGIN ISLANDS		
U.S. Virgin Islands	Virgin Islands Economic Development Authority	
VIRGINIA		
City of Hampton	City of Richmond	Loudoun County
City of Newport	City of Suffolk	Roanoke County
City of Newport News	City of Virginia Beach	State of Virginia DMME
City of Portsmouth		
WASHINGTON		
City of Ocean Shores	City of Spokane	Sound Transit Authority
State of Washington Office of Financial Management		
WISCONSIN		
City of Madison	Walworth County	
TRIBAL GOVERNMENTS		
Moapa Band of Paiute Indians	Navajo Nation	Red Cliff Band of Lake Superior Chippewa



Project Team Qualifications

The success of a consulting engagement depends on the qualifications of the project team and the way in which the project is structured and managed.

While the qualifications and experience of a firm are important, perhaps more important are the qualifications and experience of the proposed project team. MGT has successfully implemented the team approach to most cost allocation projects. We assign multiple consultants to every complex CAP we prepare for the following reasons:

- ◆ To speed up the timeline of the project.
- ◆ To increase the quality of the results through diversity of experiences and strengths.
- ◆ To provide redundancy in staffing to assure project milestones and deadlines are met even in the unforeseen —but potentially possible— event when a project consultant becomes ill, injured, or otherwise unavailable.

There are **three primary benefits** to our proposed project team.



The first, and perhaps the greatest benefit, of the proposed project team is cost allocation **experience** with other organizations similar to the City that share common goals. Our consultants have an average of over 15 years of experience in preparing CAPs and applying them to enterprise operations and state and federal grant programs.



The second benefit is that the **expertise of the team as a whole** is greater than the sum of the team's parts. The proposed team members bring unique education, skills, and experiences from numerous local government cost allocation, user fee, management study, and performance review consulting engagements.



The third benefit is that by placing more than one expert on the project, all phases of the project are completed in a timely manner which results in **an overall on-time project.**

In addition to our experience and technical expertise, one of MGT's greatest strengths is our consultants' ability to communicate effectively with our clients, from direct operational staff who provide user fee or cost plan services, up to managers, directors, and elected officials. We provide flexibility in the amount of time each level within our clients' organizational structure wants to devote to each project while ensuring everyone involved in the effort understands the scope, objectives, and most importantly, the intended outcome(s).

MGT also has a deep pool of experienced cost allocation consultants to supplement the project as necessary. These consultants have unique skill sets such as performance measurements, performance management, and process improvement. These experts are available to assist the proposed project team as needed.

Project Staff Roles and Responsibilities

Our cost plan team has been providing cost allocation services to the City since 2015, allowing for familiarity of the existing process. Our team will use the same structured workpapers as in years past, providing continuity and consistency in our approach, and giving the City the confidence to expect a smooth transition.

City of Flagstaff Project Officer

- TBD

MGT suggests the City appoint a single point of contact to serve as the Project Officer. The Project Officer will have primary responsibility and final authority over all activities, and he/she will provide project guidance and direction to the MGT team. The Project Officer will approve the contract, work plan, and final report. All project correspondence, progress reports, and final reports will be delivered to the Project Officer.

MGT Project Executive

- Mr. Bret Schlyer, Vice President

The MGT Project Executive ensures the project is staffed as needed, has the resources needed, and can act on client considerations. The Project Executive is responsible for ensuring client success. ***Client satisfaction is our #1 goal.***

MGT Project Director

- Ms. Meredith Miller, Director

The MGT Project Director will address any questions or concerns throughout the project and will be available to attend on-site interviews, necessary meetings, and present the final report findings to City staff and stakeholders. In addition, the Project Director will be responsible for the day-to-day management of all project activities, which includes refining procedures, assigning and monitoring all activities, and maintaining frequent contact with the City Project Officer throughout the lifecycle of the project. The Project Director will be on-site for key meetings and presentations. She will also closely monitor the project timeline against milestones and deadlines.

MGT Project Manager

- Ms. Michelle Garrett, Manager

The MGT Project Manager is the main point of quality control, has final authority for the project and deliverables, and helps resolve conflicts over any project issues. The Project Manager will be responsible for the completion of the scope of services and the provision of all deliverables. She will be actively involved in all tasks of our work plan and the development of all deliverables. The Project Manager will lead client meetings and interviews and be responsible for managing the project on a day-to-day basis, including the delegation of tasks and scheduling and operations of the project including data gathering, data summation, creating the cost allocation model, and meeting with City staff to gather information and to review interim reports.

MGT Analyst

- Ms. Ellen Gross, Consultant

The MGT Analyst will work in close contact with MGT's Project Director, Project Manager, and key City employees to assist with all aspects of the scope of service in any capacity, as needed, to ensure completion of the scope of services in the required time. Her primary responsibilities will be to provide day to day assistance with the deliverables.

Project Team Organizational Chart



Resumes

More detailed project team resumes are included on the following pages.



BRET SCHLYER

Vice President | Performance Solutions

Mr. Schlyer has more than 25 years of experience assisting state and local government clients. His work and consulting project experiences have provided him with both theoretical and practical experience in the analysis and costing of governmental operations. He has extensive experience with federal cost determination standards; generally accepted accounting principles and procedures; and governmental budgeting, finance, accounting, and operations.



Mr. Schlyer is nationally recognized as an authority on federal cost principles and its impact on state and local governments. He has made numerous presentations to and published articles for governmental organizations on the development and application of federal CAPs, indirect cost rates, charge-back rates, and compliance with federal cost principles. He has provided training at several state Association of Governmental Accountants and Governmental Finance Officer Association professional development conferences. In addition, he has given presentations on federal costing principles, cost analysis, and cost recovery subjects to state agencies and local entities in more than a dozen states.

Areas of Expertise

- ◆ CAPs (CAPs) in accordance with federal cost principles (2 CFR Part 200) and generally accepted accounting principles (GAAP)
- ◆ Statewide CAPs (SWCAPs).
- ◆ Indirect Cost Rate Proposals (ICRPs).
- ◆ Development and negotiation of charge-back rate methodologies and rates for Internal Service Funds.
- ◆ Daily Jail Rate, Booking Fee Analyses
- ◆ Indirect cost policies, procedures, and models for sub-grantees.
- ◆ Activity based cost of services and user fee studies
- ◆ Assisting agencies in maximizing general fund cost recoveries from federally funded programs, enterprise and special revenue funds, and other non-general fund sources
- ◆ Development and implementation of personnel activity reporting systems

Education

Bachelor of Science, Business Accounting, University of Kansas

Professional Experience

MGT of America Consulting, LLC, *Vice President, Financial Solutions, 2008-Present*

Maximus, Inc., *Director, Financial Services Division*

David M. Griffith & Associates, LTD. (DMG), *Consultant*

Kansas Corporation Commission, *Administrative Officer*

State Government Expertise

Mr. Schlyer has extensive experience and knowledge of 2 CFR Part 200 and its application and relevance to state governments in a variety of settings including the development and negotiation of CAPs (CAP), statewide CAPs (SWCAPs) and indirect cost rate proposals (ICRP). He also has experience with implementing and administering random moment sampling systems, and rate setting and administrative claiming for the Medicaid program.

Local Government and Not-For-Profit Expertise

Mr. Schlyer has significant experience with local government and not-for-profit cost recovery operations. His experiences have included managing and preparation of indirect cost rate proposals (ICRP), CAPs (CAP) in accordance with 2 CFR Part 200 and GAAP for the identification of general fund costs provided to non-general fund entities, charge-back rates for billed services, and user fee studies. He has successfully negotiated CAPs and ICRPs with the over a dozen federal cognizant agencies including the U.S. Department of Health and



BRET SCHLYER

Vice President | Performance Solutions

Human Services, Department of Interior, Department of Labor, Housing and Urban Development, Department of Education, Department of Agriculture, and the Department of Justice.

Client Service Highlights

Indirect Cost Rate Proposal | Navajo Nation

Mr. Schlyer prepared ICRPs for the Navajo Nation and successfully negotiated them with the U.S. Department of Interior. Prior to engaging with MGT, the Nation had not had a timely submission or a current indirect cost rate for over a decade. MGT initiated a project plan which brought the nation back into compliance with timely filing and successful negotiations. Mr. Schlyer also revised and negotiated previously submitted ICRPs to maximize the indirect cost recovery.

CAPs and Indirect Cost Rates | St. Louis County, MO

MGT prepared the 2 CFR Part 200 and Full CAPs with departmental indirect cost rates for St. Louis County. Mr. Schlyer led this project by successfully transitioning from a previous long-term vendor and enhancing the project through the increased inclusion of departmental staff throughout the process. Mr. Schlyer developed and presented a training session which was designed to increase the client staff's understanding of federal cost recovery as well as their understanding of the specific methodology utilized for the County's calculations.

Statewide CAPs | State of Nevada

Mr. Schlyer annually prepares the Statewide CAP (SWCAP) for the State. This project includes both a central services CAP as well as the development of fund balance reconciliations for all billed service and insurance funds. The plan has been successfully negotiated with the U.S. Department of Health & Human Services each year, enabling the State to recover millions of dollars in federal funding. Mr. Schlyer also provides an annual training session to state budget and finance staff to review the methodology and identify any potential federal cost recovery issues that need to be addressed.

Internal Service Fund Rate Setting | State of Louisiana

Mr. Schlyer assisted the State of Louisiana with transitioning several services to Internal Service Funds by developing billing rate methodologies, cost models, procedure manuals and providing training for the Office of Aviation, Office of State Procurement, Office of Human Capital and the Division of Administrative Law. These projects enabled the State to accelerate cash flow, maintain compliance with federal cost principles, and to be able to maintain the models and rate setting process without the on-going need for consulting assistance.

Enterprise Fund Transfer Policy | City of Harrisonville, MO

Following a state audit finding, Mr. Schlyer developed an enterprise fund transfer policy for the City to calculate and justify the transfers made to the General Fund. The project included the development of a cost allocation model, a Payment-In-Lieu of Tax calculation, as well as a Franchise Fee calculation and policy for the City's enterprise funds. Mr. Schlyer provided a presentation and training to transition the annual maintenance of the project back to City staff at completion. The completion of the project protected more than \$2.5 million in annual transfers to the General Fund.



MEREDITH MILLER

Director | Performance Solutions

Ms. Miller is a Director with MGT's Financial Solutions Group and has been performing governmental cost-of-service studies for the past fourteen years. She has developed a broad background in local government consulting, with a primary focus on cost allocation development, cost of services and user fee rate development, SB 90 reimbursement, and management auditing of government operations for city, county, state, and special district government agencies. She has worked extensively with all the major cities in Texas, cities and counties in California and Louisiana, and cities in Nevada, New Mexico, Colorado, Oklahoma, Minnesota, and Kansas. Over the past three years she has worked with state agencies in Alabama, Kansas, New Mexico, Oregon, Mississippi, and Arizona and negotiated indirect cost rates with their various cognizant agencies annually.



Prior to working with MGT, Ms. Miller served as a Senior Consultant with MAXIMUS, where she prepared CAPs, indirect cost rate studies, user fee studies, and claims for various cities and counties in Texas, California, Colorado, Louisiana, and New Mexico. She also managed the program and staff for company's SB 90 practice, during her tenure there.

Recent cost allocation projects include City of Fullerton, CA; Merced County, CA; City of Fort Worth, TX; City of El Paso, TX; City of Las Cruces, NM; City of Madison, WI; City of Whittier, CA; City of Alexandria, LA; City of Las Vegas, NV; City of Reno, NV; and Lafayette Consolidated Government, LA. Recent user fee studies include Oklahoma City, OK; City of Dallas, TX; City of Whittier, CA; City of Garland, TX; and the City of Sugar Land, TX.

Areas of Expertise

- ◆ Government CAPs (2 CFR Part 200)
- ◆ Full CAPs (GAAP)
- ◆ User Fee Studies
- ◆ Jail Rate Studies
- ◆ Indirect Cost Rate Proposals
- ◆ Cost Analysis
- ◆ SB 90 claim preparation and reimbursement

Education

Bachelor of Business Administration, The University of Texas at Austin

Professional Experience

MGT of America Consulting, LLC, *Director, 2019 – present*

MAXIMUS Consulting Services, *Senior Consultant*

Relevant Project Experience

- Prepared CAPs, indirect cost rate studies, user fee studies, and claims for various cities, counties, and state agencies in Alabama, California, Colorado, Kansas, Louisiana, Mississippi, Nevada, New Mexico, Oklahoma, Oregon, Texas, and Wisconsin.
- Managed program and staff for SB 90 practice.
- Developed cost of fee studies and set performance targets by conducting activity-based costing studies for numerous cities and counties.
- Conducted organizational review and service delivery analyses for domestic and international clients.



MEREDITH MILLER

Director | Performance Solutions

Client Service Highlights

Cost Allocation, Local | City of El Paso, TX

Ms. Miller worked with the City of El Paso on an annual basis for over twelve years. During this time, she maximized reimbursement back to the General Fund through the establishment of indirect cost rates and developed the city's CAP. In addition, she developed the 2 CFR Part 200 Plan and successfully defended it through an almost yearlong audit by the FTA. This defense resulted in a positive outcome for the City and satisfied all Federal audit concerns.

Cost Allocation and Indirect Cost Rates, State | Alabama Department of Conservation and Natural Resources

Ms. Miller has worked with the Alabama Department of Conservation and Natural Resources to prepare their CAPs and indirect cost rates for the previous three fiscal years. Ms. Miller prepared previous year plans ex post facto and defended all submissions which were audited by the Department of the Interior to ensure there would be no delay in receiving indirect cost recoveries.

Development Services Fee Calculations | Dallas Sustainable Development and Construction Department

Ms. Miller assisted the City in developing a comprehensive development services user fee policy study. In cooperation with the City staff, Ms. Miller updated the Sustainable Development and Construction Department's fee structures; implemented new and/or revised fee policies; and provided a cost model and methodology for the City to use in future years in updating fees. Ms. Miller's work with the Current Planning Division revealed that the City could potentially recover over \$700k in additional annual revenue by charging the true cost of their fees.



MICHELLE GARRETT

Manager | Performance Solutions

Ms. Garrett is a Manager at MGT and has over fifteen years of cost accounting consulting experience. Since joining MGT she has prepared CAPs, user-fee studies and indirect cost rate calculations, and other management documents for numerous cities and counties throughout the country. Her experience also includes negotiation with federal and state authorities, audit defense, and customized cost analyses for public-sector clients. She has proven experience complying with and negotiating CAPs with state and federal cognizant agencies.



Ms. Garrett received her Bachelor of Science in Business Administration degree with honors from the Northern Arizona University and her Master in Accountancy with honors from the University of Missouri. She passed the CPA exam her first sitting.

Ms. Garrett has prepared CAPs, user fee studies and indirect cost rate calculations for cities and counties in Arizona, Hawaii, New Mexico, California, Florida, Tennessee, Oklahoma, and a particular emphasis in Colorado. Ms. Garrett has worked with over 75 cities and counties in Colorado, giving her a long and successful history of preparing exceptional CAPs all over the state.

Areas of Expertise

- ◆ Federal CAPs (2 CFR Part 200)
- ◆ Full CAPs (GAAP)
- ◆ User Fee Studies
- ◆ Indirect Cost Rate Proposals (ICRP)
- ◆ Charge Back and Billing Rate Models
- ◆ Daily Jail Rate
- ◆ Regulated Cannabis/Marijuana Cost Analyses

Education

Master of Accountancy, University of Missouri – Columbia
Bachelor of Science in Business Administration, Northern Arizona University

Professional Affiliations

Certified Public Accountant (inactive)

Professional Experience

MGT of America Consulting, LLC, *Senior Manager, 2007 – present*
Public Resource Management (PRM), *Consultant*
Sloan's Lake HMO, *Senior Accountant*
Reinsurance Group of America, *Accountant*
Coopers & Lybrand, LLP, *Senior Audit Associate*

Client Service Highlights

CAPs | Delta County, CO

Ms. Garrett worked with county personnel and Department of Human Services personnel to optimize the cash flow in the county. Improvements were made through the utilization of the State of Colorado Human Services reimbursement and the utilization of reimbursement from Federal and State Human Services programs via analysis of their CAP.

CAPs, Special District Cost Rates | City and County of Denver, CO

Ms. Garrett has led a team to provide the City and County of Denver with 2 CFR Part 200 and Full CAPs since 2003. More recently, she has been a part of the MGT project team to provide Denver with a cannabis study, user fee studies, and departmental and special district cost plans and rates.



MICHELLE GARRETT

Manager | Performance Solutions

Representative Clients

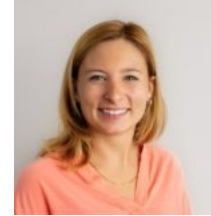
- Summit County, Colorado
- City & County of Broomfield, Colorado
- City & County of Denver, Colorado
- Eagle County, Colorado
- Rio Blanco County, Colorado
- Otero County, Colorado
- Gilpin County, Colorado
- Gunnison County, Colorado
- Larimer County, Colorado
- Mesa County, Colorado
- Ouray County, Colorado
- Pitkin County, Colorado
- City of Boulder, Colorado
- City of Loveland, Colorado
- Shelby County, Tennessee
- Butte County, California
- Los Alamos County, New Mexico
- San Mateo County, California
- Plumas County, California
- Pinellas County, Florida
- Pinal County, Arizona
- Orange County, California
- Lassen County, California
- Jefferson County, Colorado
- Garfield County, Colorado
- Montrose County, Colorado
- Delta County, Colorado
- Fremont County, Colorado
- Park County, Colorado
- Crowley County, Colorado
- Archuleta County, Colorado
- City of Westminster, Colorado
- City of Brighton, Colorado
- Canon City, Colorado
- Town of Castle Rock, Colorado
- Kauai County, Hawaii
- County of Yuma, Arizona
- City of Yuma, Arizona
- Lake County, California
- La Plata County, California
- La Mesa County, California
- City of Goodyear, Arizona
- City of Fort Collins, Colorado
- City of Edmond, Oklahoma
- Coconino County, Arizona
- Culver City, California



ELLEN GROSS

Analyst | Performance Solutions Group

Ms. Gross is a highly analytical and process-oriented analyst specializing in big data, manipulation, and visualization. She brings along a background in investment analysis to approach projects through a financial lens. Ms. Gross is experienced in qualitative and quantitative analysis to deliver opportunity identification and data driven recommendations in all of her projects. Ms. Gross received her bachelor's degree in finance from the University of Denver's Daniels School of Business.



Areas of Expertise

- ◆ Data analysis, manipulation, cleansing, & Visualization
- ◆ Financial reporting
- ◆ Client communication & service

Education

University of Denver, Daniels School of Business - Bachelor of Science, Finance

Professional Experience

MGT of America Consulting, LLC, *Analyst, 2023-present*

Heirloom Wealth Management, *Associate, 2021-2022*

ModivCare, *Analyst Intern, 2020-2021*

Professional History

Ms. Gross joined MGT in 2023 and has over 3 years of financial analysis experience for public and private sector agencies. Prior to joining MGT, Ms. Gross worked as an associate at a Denver based wealth management firm specializing in investment analysis, client service, and financial reporting. She also specialized in budgeting and forecast creation, as an analyst at Modivcare, a national provider of non-emergency medical transportation.

Client Service Highlights

CAP | Los Alamos County, New Mexico

Data collection, manipulation, & completion of Full Cost Plan/ 2 CFR Part 200.

Indirect Cost Rate | Cochise County, Arizona

Data collection, cleansing & analysis of Indirect Cost Rate report.



Project Understanding, Approach, and Methodology

Strict adherence to a detailed work plan and schedule specifically designed for providing quality cost allocation services.

CAPs 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 CAPs and assisting our clients with CAP implementation. Our effort will allow the City 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 CAPs 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
- ◆ Establishing user fees and hourly billing rates
- ◆ Identification of administrative expense

Cost Plans — Comparing the Two Types of Plans

Full Cost vs. Federal CAPs: CAPs are a series of complex calculations that require an understanding of a jurisdiction's financial reports, administration structure, and operational services and programs. These calculations are typically presented in two types of plans — a **Full Cost** plan and a **Federal CAP** — that conform with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, located at 2 CFR Part 200 (Formerly Office of Management and Budget (OMB) Circular A-87). It is possible to use the latter for all costing purposes, but in certain cases, an agency would not maximize its revenue recovery by using this plan. To fully calculate the full cost of City services, City may consider a Full CAP. However, if the calculations from the CAP are to be used for federal or state reimbursement, the plan prepared in accordance with 2 CFR 200 CAP is the document typically required. In this section, we will provide a discussion of both types of plans, but simply put, the Full Plan allocates all costs incurred without regard to the allowability of the costs, thus providing the total cost of providing services. Recovery of costs then depends on the actual source of cost recovery.

Local agencies provide services that include administrative and support expenditures which may not be allowable for federal reimbursement. These expenditures, however, are appropriate for allocation under Generally Accepted Accounting Principles (GAAP) and guidelines. The allocation methodology using all costs is often referred to as a **Full CAP**. It can be generalized that a Full CAP is applicable for internal purposes such as recovering indirect costs from enterprise funds, special revenue funds, and other funds, as well as included in establishing user fees, permits and applications, billing rates, hourly rates, and costs of special services.

Using federal guidelines, which are now codified in CFR Part 200, local governments may be reimbursed for administrative and support expenditures if they are documented in a CAP and the indirect cost rates are compliant with the principles contained in the Circular. Generally, **2 CFR Part 200 compliant (or**

Federal) CAPs are more restrictive than Full Cost plans, include fewer allowable indirect costs, and apply to external purposes such as recovering indirect costs on federal and state grants and awards.

Exhibit 3 below describes the objectives, typical uses, and considerations associated with both types of CAPs.

COMPARISON OF COST ALLOCATION METHODOLOGIES			
PLAN TYPE	OBJECTIVES	TYPICAL USES	CONSIDERATIONS
FULL COST	<ul style="list-style-type: none"> Identify the true costs of administering all City departments, divisions, and programs. Justification for charging the proportional cost for City administration and support to internal sources, or external sources in the case of billing rates and user fees. Typically result in 15% higher returns than 2 CFR Part 200 plans. 	<ul style="list-style-type: none"> Charging non-General Fund funds for administrative and support services. Recovering citywide administrative and support costs in hourly and billing rates. Recovering citywide administrative and support costs in use fees and rates. Budgeting and resource allocations. 	<ul style="list-style-type: none"> Administrative and support costs allowable under GAAP. Plan conforms to 2 CFR Part 200 principles but is not as restrictive. Is not submitted for review to a cognizant agency. Basis for transfer of dollars from non-General Fund (GF) to the GF.
FEDERAL / 2 CFR PART 200	<ul style="list-style-type: none"> Identify administrative costs allowable under 2 CFR Part 200 and distribute those costs on an equitable basis. Charging admin and overhead costs to grants, claims, and other uses that specifically require 2 CFR Part 200 use. 	<ul style="list-style-type: none"> Charging overhead costs to federal grants. Charging overhead costs to state grants and SB 90 claims. Provides a conservative view of citywide administrative and support costs. 	<ul style="list-style-type: none"> If this type of plan is used for grant or claim use, 2 CFR Part 200 requires that an annual plan be prepared. May be reviewed by a cognizant agency.

Exhibit 3. Comparison of Cost Allocation Methodologies

MGTCAP™ Cost Allocation Software

We utilize MGT’s proprietary cost allocation software, **MGTCAP™**, to develop the CAPs. 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 CAPs that have

been reviewed by numerous federal and state agencies. It is the tool we use to generate all the 2 CFR Part 200 and Full CAPs we prepare on behalf of city, county, and state clients each year.

The **MGT**CAP****[™] 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 City’s financial statements. It also provides summary and management reports which compare the current year’s allocation results with prior years.

MGTCAP****[™] writes reports directly into Microsoft Excel, which provides 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 City 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 City 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 City Project Officer and key stakeholders at each stage of this study. MGT’s Project Director will regularly communicate information about the

MGT**CAP**

MGTCAP****[™] writes reports directly into Microsoft Excel, providing us the ability to modify the presentation of results fully customized to the City of Flagstaff.

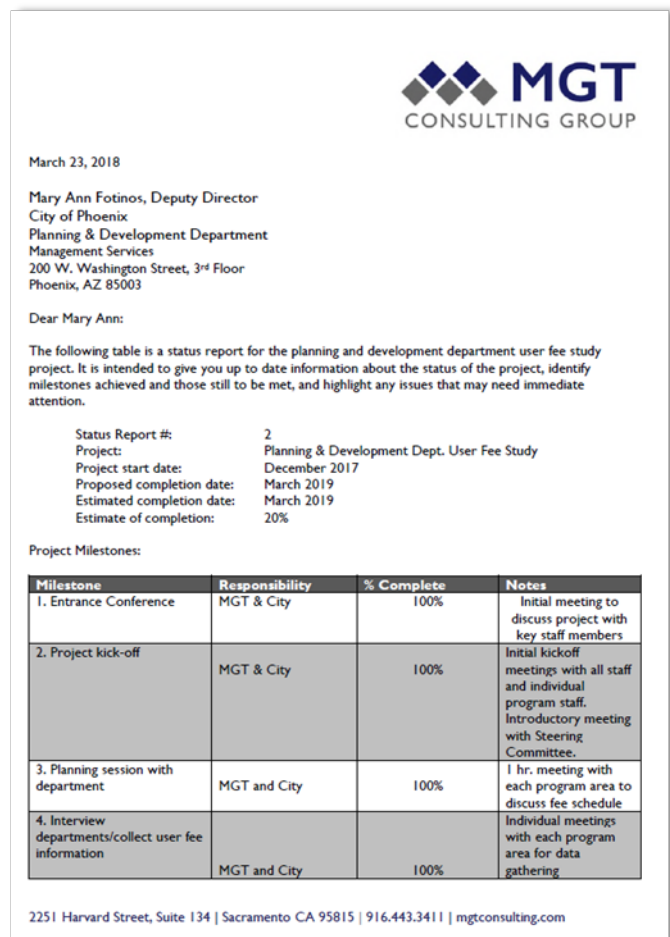


Exhibit 4. Sample Communications Report

study’s progress and any problems that may arise before becoming a larger issue. A sample of the communications report we use frequently is shown in **Exhibit 4**.

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 CAPs, many for jurisdictions similar in size to the City, 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 5**. 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 client contact through meetings and formal status updates at regular intervals.**

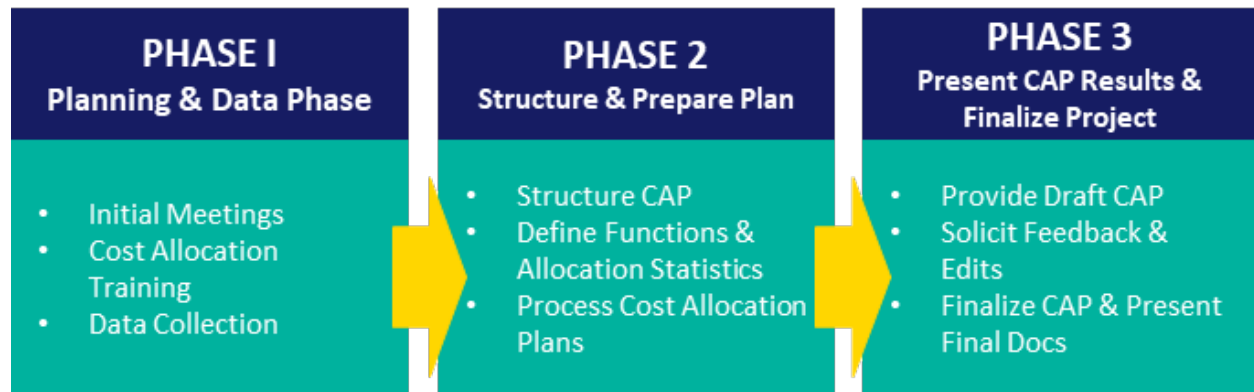


Exhibit 5. MGT’s Components to Client Satisfaction

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 CAPs with minimal disruption to our clients’ workloads. Following are the steps involved with preparing a 2 CFR Part 200 and Full CAP. **The plans will be prepared simultaneously**, and the tasks associated with the overall process are presented below. This is a draft schedule which can easily be modified depending on the City’s direction.



PHASE 1 PLANNING & DATA PHASE

TASK 1.0: CONDUCT AN INITIAL MEETING WITH DESIGNATED PERSONNEL

Meet with City personnel who have responsibility or are stakeholders in the CAP. This meeting will refine the project scope, specific objectives, goals, uses, requirements, measurements, and schedule of the project. This meeting will also help the project consultants understand the unique aspects of the City including the organizational structure.

TASK 2.0: CONDUCT INTRODUCTORY TRAINING SESSION WITH ALL RELEVANT PERSONNEL

Conduct an initial and introductory training session with key City personnel and project stakeholders. Project consultants will work with City personnel to establish the objectives, content, and list of attendees for this meeting or presentation. This session is vital to successful project results including approval by operating department officials. Agenda items for these meetings or presentations could include the following:

- ◆ Review the project scope, objectives, and schedule.
- ◆ Review available financial and allocation data.

- ◆ Summarize the purpose for calculating the CAPs.
- ◆ 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.

TASK 3.0: REVIEW THE CITY'S ORGANIZATIONAL STRUCTURE & EXISTING COST PLANS

Review the City's organizational structure and any existing CAPs and associated data to determine appropriateness and to identify alternatives which may favorably impact indirect cost recoveries. Prepare for department interviews.

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 City 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 CAPs including the determination of allocating and receiving departments.

TASK 5.0: CONDUCT DEPARTMENT INTERVIEWS

Meet with and interview each central service department to determine the allowable expenditures, services provided, charge backs or direct bills, personnel providing the services, the recipients of the provided services, and appropriate transaction 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 City's existing methodology for each central service department and identify areas for improvement. Improvements may include methodology changes, different ways of summarizing data for allocation, or different calculation methods. A report will be created and presented to City staff which summarizes all suggested enhancements. As part of this process, it is anticipated that questions may arise as to the financial impact to the City's General Fund and to the grantee departments of any such enhancements. As such, we will also be creating a custom cost allocation model for the City which incorporates the various suggestions from our report. The work plan steps that follow are the continuation of that model creation process.

PHASE 2 STRUCTURE & PREPARE PLAN

TASK 7.0: DEVELOP COST PLAN STRUCTURE & DISTRIBUTE CENTRAL SERVICE DEPARTMENT COSTS INTO FUNCTIONS

Using the City's organizational structure, budget, and staffing information, MGT will determine the basic structure of the CAP, identifying central service (or allocating) departments and operating (or receiving) departments:

- Central service functions will be determined based on timesheets, assignments, activities, or other allowed methods. Once staff members and their corresponding salaries are distributed into functions, other department costs such as materials and supplies will also be distributed into the same functions. This task breaks a department into functional cost pools, which can then be allocated throughout the organizational structure using meaningful, measurable, and auditable allocation bases.
- Distribute the allowable costs within each central service department into the functions determined in Task 6.0. The distribution of allowable department costs and incoming costs will determine the total cost of providing each distinct service within each central service department.

This step uses a feature in MGTCAP**[™] that is not available in most other CAP software.** The MGT proprietary cost allocation software has the ability to analyze, display, and allocate the indirect costs of each central service department 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 CAP.

TASK 8.0: DEVELOP ALLOCATION BASES FOR CENTRAL SERVICE DEPARTMENT FUNCTIONS

Determine an appropriate allocation base for each function in each central service department. This determination will serve as the basis for allocating the allowable costs in each function to the recipients of the service. Project consultants will request corresponding transaction data from central service department personnel.

Central service departments will allocate costs to all departments and funds. This allocation methodology ensures the fairest and most accurate distribution of costs as opposed to a methodology that singles out departments or funds for maximum allocation.

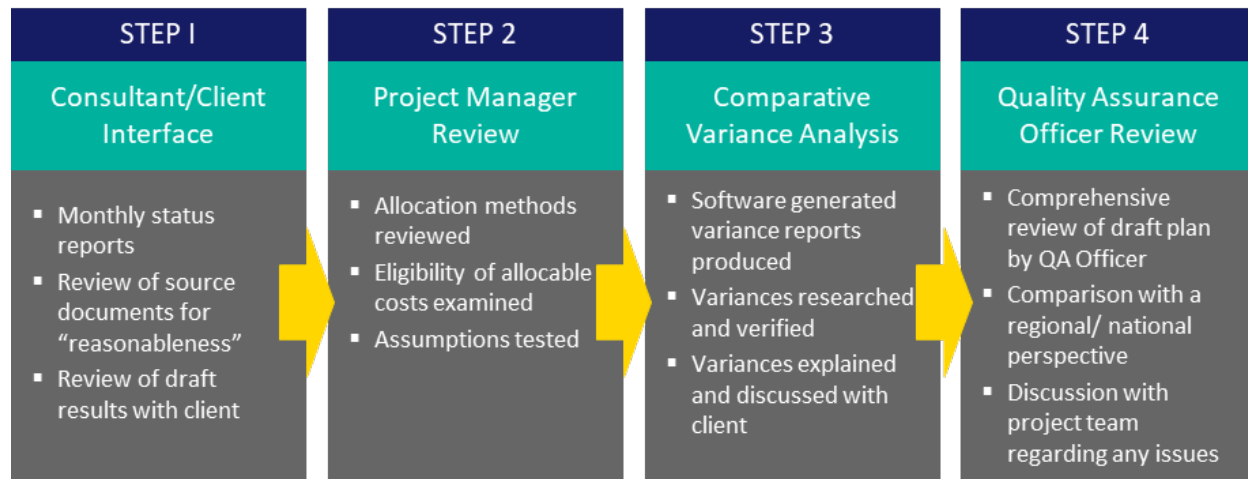
TASK 9.0: PROCESS DRAFT CAPS

Process the draft CAPs using MGT**CAP**[™]. The CAPs will include summary and detail reports. Summary reports in the CAPs will provide information on the dollar amounts allocated from each central service department to every receiving department. The detailed reports in the CAPs provide information on the

expenditures, allowable costs, incoming costs, personnel distribution, functions, and allocation bases for every central service department.

TASK 10.0: QUALITY CONTROL & INTERNAL REVIEW OF DRAFT CAPS

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



TASK 11.0: PROVIDE FLAGSTAFF WITH DRAFT CAPS

Meet with City management if requested or provide electronic copies of the draft results of the CAPs. This step is an opportunity to review preliminary results, address questions or concerns, and make changes as necessary.

PHASE 3 PRESENT CAP RESULTS & FINALIZE PROJECT

TASK 12.0: PROCESS FINAL CAP & PROVIDE FINAL CAP DOCUMENTS

Process the final CAPs after addressing any issues raised in Task 11.0.

Provide one printed original bound copy, one printed unbound copy, and one electronic copy (Adobe PDF file) of each of the final cost plans following confirmation that the work is final by the City 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 CAP 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.
- ◆ Summaries of all allocations and the resulting charges to all operating departments and funds.

TASK 13.0: PRESENT PROJECT RESULTS TO PROJECT STAKEHOLDERS AND ELECTED OFFICIALS & IDENTIFY ADDITIONAL USES

Assist with a presentation of the final project results to the City’s elected officials either in a work session or at a public meeting if requested. This presentation will include a high-level overview of the project and the applications, implications, and anticipated benefits to City operations. Detailed information will be presented as requested. Our project team will clearly define the various applications and additional uses for the CAPs.

TASK 14.0: PREPARE A CAP PROJECT RECAP REPORT & POST-PROJECT TRAINING SESSION

Prepare a CAP project recap report. This report will include comments and input from the City to review regarding the just-completed CAP. This report will also provide City personnel an opportunity to provide timely feedback on aspects of the CAP project that went well and aspects of the project that need improvement. The project consultants will then formulate this feedback into the following years’ work plans as applicable.

Additionally, the project recap report will include changes in allocation methodologies from the prior year and reasons for the changes.

Conduct a post-project training session with key City personnel and project stakeholders. This training session will provide information on reading, interpreting, and extracting data from the recently completed CAPs. This session will also reinforce current applications for the CAPs results, as well as provide additional applications for the CAP results.

Deliverables – CAP

CAP DELIVERABLES	
◆	Virtual or on-site meetings, workshops, interviews, and presentations on approach, methodology and recommendations related to the CAP.
◆	Draft 2 CFR 200 and Full CAPs using a double step-down allocation methodology based on the City’s actual expenditures and interviews with personnel and reviewed with the City staff.
◆	Final 2 CFR 200 and Full CAPs using a double step-down methodology based on actual expenditures; the final CAP will be produced as Excel and PDF files.

CAP DELIVERABLES	
<ul style="list-style-type: none"> ◆ Once two or more years of the City’s data is loaded into MGTCAP™, we can produce customized management reports based on the final CAP. These management reports may include the following information: <ul style="list-style-type: none"> ▪ A comparison to the prior year’s CAPs, or similar analysis, to identify major variances of allocated costs to key receiving departments. (Comparisons will start in year #2 based on prior results.) ▪ A trend analysis. ▪ The per-unit costs of specific administrative and support activities. ▪ Variance analysis of costs or allocations. 	
<ul style="list-style-type: none"> ◆ Two printed and bound copies, if requested, as well as one electronic (Excel and/or PDF) copy. 	
<ul style="list-style-type: none"> ◆ A “Cost Plan 101” training session and comprehensive review of the draft CAP for finance personnel or other project stakeholders, including allocating department personnel, key receiving department personnel, City management and/or elected officials. 	
<ul style="list-style-type: none"> ◆ Development of strategies and procedures to be used by City personnel that will optimize potential indirect cost recovery. 	
<ul style="list-style-type: none"> ◆ Cost Allocation Implementation Plan. Strategies to assist the City to fully integrate the CAP data into ongoing operations. 	
<ul style="list-style-type: none"> ◆ Defend and respond to audit or other inquiries from federal/state and/or local authorities following delivery of the final CAPs for three years after the approval of each plan. 	
<ul style="list-style-type: none"> ◆ Ongoing training, guidance, and assistance to personnel. 	
<ul style="list-style-type: none"> ◆ Access to all records for the requested period. 	
<ul style="list-style-type: none"> ◆ Formal project status reports at intervals requested by City personnel (at least monthly). 	

Estimated Schedule

These tasks will lead to the completion of the CAPs in four months, assuming key data is made available in a timely manner. The following table represents the estimated amount of time to provide the proposed services.

CAP Schedule		Month				Ongoing
		1	2	3	4	
PHASE 1: PLANNING & DATA PHASE						
1.0	Initial Meeting					
2.0	Introductory Training					

PROJECT UNDERSTANDING, APPROACH, AND METHODOLOGY

CAP Schedule		Month				Ongoing
		1	2	3	4	
3.0	Review Organizational Structure and Existing Cost Plans	█				
4.0	Collect Basic Financial and Operational 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		█	█		
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 Elected Officials & Identify Additional Uses				█	
14.0	Prepare a CAP Project Recap Report & Post Project Training Session				█	█



References

A leader in cost allocation services.

MGT has an outstanding record of past performance. Our teams are composed of proven professionals with the goal of providing the best quality of service while meeting project schedules and budgets. Many of our clients have contracted with MGT for multiple projects or updates. Repeat business is the greatest testament to our commitment to customer service and client satisfaction. We encourage you to contact any of our references to learn of our professionalism, ability to meet timelines, and the expertise of our staff.

COCHISE COUNTY, AZ COST ALLOCATION PLAN	
Contact Person:	Monica Miranda, Finance Director
Phone Number:	520.432.8376
Email Address:	MMiranda@Cochise.AZ.gov
Mailing Address:	1415 Melody Lane Building G Bisbee, AZ 85603
Project Description: 2018 - present	
MGT annually prepares a 2 CFR Part 200 CAP for the County. The plan includes departmental indirect cost rates which are used to recover indirect costs from federal awards operated by the County.	
Additionally, MGT prepares a Full CAP annually for the County which is utilized to identify transfers back into the general fund from the County’s enterprise and special revenue funds. These transfers reimburse the general fund for the costs expended providing administrative support to the special revenue and enterprise funds.	
MGT also annually prepares per diem rate calculations for both the Adult and the Juvenile Detention Facilities for the purpose of calculating reimbursement rates for individuals housed in those facilities that are the responsibility of other jurisdictions.	



MARICOPA COUNTY, AZ MULTIPLE AUDITS	
Contact Person:	Mike McGee, Internal Auditor
Phone Number:	602.506.1588
Email Address:	mike.mcgee@maricopa.gov
Mailing Address:	140 N. 3rd Avenue Phoenix, AZ 85003
Project Description: 2012 – Present	

MARICOPA COUNTY, AZ | MULTIPLE AUDITS

MGT is currently conducting a purchasing card and travel expenses audit of the District 5 Supervisor Office. The objective of the audit is to review all expense transactions charged to the District 5 purchasing cards in fiscal year 2018.

MGT provided technical assistance to the County's Internal Audit Department in reviewing and analyzing countywide fleet size, composition, and usage. MGT determined if the current fleet of vehicles was appropriate for the county and evaluated the effectiveness of vehicle usage; identified vehicles with below average annual mileage, based on industry standards or other best practices; determined if current vehicle assignments were proper for job duties and equipment needs; analyzed the benefits of owning vehicles compared with using motor pool vehicles or mileage reimbursement; determined cost per mile for vehicles and compared with lease/buy options that balance financial (initial/replacement purchase costs, annual usage costs, and maintenance costs) and environmental concerns; and recommended improvements.

MGT performed a critical application audit of the County's Planning and Development Department. MGT conducted the audit in accordance with GAGAS and incorporated our knowledge of best practices and standards from the Control Objectives for Information and related Technology (COBIT), International Organization for Standardization (ISO), and the PMI's Project Management Body of Knowledge (PMBOK), as applicable. Among other tasks, MGT performed application audit procedures to ensure the application and general IT controls surrounding the Department's critical applications were in place and functioning as designed.

MGT assisted the County with a mobile devices network security audit and the performance of a risk assessment of the effects of mobile devices on network security. The audit included evaluation of the County's control environment in relation to mobile devices, creation of an inventory of the County's mobile devices, and an assessment of the policies and procedures governing the use of mobile devices. The scope included laptops, notebooks, netbooks, Personal Digital Assistants (PDAs), smartphones, tablets, digital cameras, radio frequency identification (RFID), mobile RFID (M-RFID), infrared-enabled (IrDA) devices, and other portable Universal Serial Bus (USB) devices for storage (such as thumb drives and MP3/4 devices) and connectivity (such as Wi-Fi, Bluetooth® and HSDPA/UMTS/EDGE/GPRS modem cards).

MGT conducted a performance audit of the training program at the Maricopa County Sheriff's Office (MCSO). The audit addressed the controls over monitoring whether law enforcement officers and detention officers are receiving training in subjects mandated by federal and state requirements. The audit also reviewed whether the MCSO established training pertaining to specialty areas, such as special weapons and tactics, canine units, explosives control, and aerial support.

MGT assisted the County in the performance of an audit of the MCSO payroll operations. We applied GAGAS and incorporated our knowledge of the Control Objectives for Information and related COBIT, ISO, National Institute of Standards and Technology (NIST), Federal Information Systems Controls Audit Manual (FISCAM), PMBOK guide; and mapped our fieldwork documentation to the applicable standards for each audit objective.



COCONINO COUNTY, AZ COST ALLOCATION PLANS	
Contact Person:	Siri Mullaney, Finance Director
Phone Number:	928.679.7180
Email Address:	SMullaney@Coconino.AZ.gov
Mailing Address:	219 E Cherry Ave. Flagstaff, AZ 86001
<p>Project Description: Annually since 2010</p> <p>Annual preparation of the County’s Full Cost and 2 CFR Part 200 CAPs, plus user fee studies on several of their fees</p> <ul style="list-style-type: none"> ◆ Cost plan and overhead rate preparation. ◆ Comparison review and trend analyses of plan results year-over-year. ◆ Multiple User Fee studies. 	



“We were very impressed by how efficient they worked, their methodology, their insight, and their professionalism.”

I would highly recommend MGT and hope to do business with them again for our next study.”

- Joseph Onzick, Executive Director of Finance Kane County, IL



Cost Proposal

*Defined by Impact. Driven by People.
Dedicated to the Community.*

MGT proposes to perform the services included in this proposal annually for three years for a fixed fee each year, as shown in the table below. This budget will provide the City with ample time and resources to produce a CAP as described in the scope of services.

DESCRIPTION	AMOUNT
CAPs based on FY23 expenditures, completed in 2024	\$15,000
CAPs based on FY24 expenditures, completed in 2025	\$15,450
CAPs based on FY25 expenditures, completed in 2026	\$15,850

Method of Payment

MGT will provide monthly invoices to the City or will invoice according to the above milestones. It is customary for MGT to invoice 10% of the contract price at the time of contract execution. This invoiced amount covers MGT’s efforts on strategy sessions, preliminary on-site meetings, project planning, and items not tied to fixed fee tasks outlined in the proposal. The amount due per month will then be based on the remaining amount of the fixed fee amount divided by the anticipated number of months to complete the project.

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 City to review these assumptions, 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 City 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 City, key stakeholders, and MGT.
- ◆ The City’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.
- ◆ We have provided for a fixed number of draft reports in this proposal. If additional drafts are necessary, it may impact the fees.

COST PROPOSAL

- ◆ MGT will have access to and cooperation and participation by staff and management. MGT expects to have reasonable, timely access to City personnel and data. If the City 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 City. The City will provide all requested documents at its own expense.
- ◆ All costs and other data provided by the City 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 City.
- ◆ If the City changes its accounting system and/or significantly changes its chart of accounts so that cost data cannot be matched to prior calculations, it may impact the fees as these efforts are not part of the fixed price.
- ◆ MGT plans to conduct services, including status meetings and interviews, remotely. If the City wants onsite services, we would be willing to do so, subject to adding the reasonable cost of travel expenses to our quote. Travel expenses will only be charged in the event travel occurs.
- ◆ Our price is presented for the first three years of this work. If the contract extension is executed our fee (rates) will be increased by 3%.