

**AMENDMENT NUMBER ONE
TO PROFESSIONAL SERVICES AGREEMENT
WITH
KELLY ASSOCIATES MANAGEMENT GROUP LLC**

This Amendment Number One ("Amendment") is made and entered into this 1st day of November, 2017 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), and KELLY ASSOCIATES MANAGEMENT GROUP LLC, a California limited liability company ("Consultant").

WHEREAS, City and Consultant entered into an agreement on November 30, 2016 for Consultant to perform an organizational review of the Finance Department's Purchasing operation (the "Agreement"); and

WHEREAS, Section 4.1 of the Agreement provides for a term of one (1) year, with the option to extend the Agreement for two (2) additional one (1) year periods; and

WHEREAS, City and Consultant desire to extend the term for one (1) year, through November 29, 2018, and to set forth Consultant's compensation for the extended term.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The term of the Agreement shall be extended through November 29, 2018.
2. For the period commencing November 30, 2017 and ending November 29, 2018, Consultant's compensation shall not exceed Eight Thousand Dollars (\$8,000.00).
3. All terms not defined herein shall have the same meaning and use as set forth in the Agreement.
4. All other terms, conditions, and provisions of the Agreement not in conflict with this Amendment shall remain in full force and effect.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by and through their respective authorized officers, as of the date first written above.

CITY OF COSTA MESA

Thomas R. Kelly
City Manager

Date: 11/6/17

CONSULTANT

William S. Kelly
Signature
William S. Kelly Pres/CEO
Name and Title

Date: 11.6.17

ATTEST:

Brenda Green
City Clerk



APPROVED AS TO FORM:

[Signature]
City Attorney

Date: 11/03/17

APPROVED AS TO INSURANCE:

[Signature]
Risk Management

Date: 11/6/17

APPROVED AS TO CONTENT:

Ashley Garcia
Project Manager

Date: 11/2/17

DEPARTMENTAL APPROVAL

Suzanne S. Letourneau

Assistant City Manager

Date:

11/2/17

APPROVED AS TO PURCHASING:

Stephen Dumont

Interim Finance Director

MF

Date:

11-7-17



kelly associates
Management Group

September 7, 2017

Ms. Tamara Letourneau
Assistant Chief Executive Officer
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

**SUBJECT: PROPOSAL – PHASE 2 FOLLOW-UP TO ORGANIZATIONAL REVIEW OF COSTA MESA
PURCHASING FUNCTION**

Dear Ms. Letourneau:

Kelly Associates Management Group LLC (KAMG) is pleased to submit to the City of Costa Mesa this proposal for a Phase 2 follow-up to the analysis we conducted earlier this year regarding the City's Purchasing operation. During this engagement, KAMG reviewed existing written documents including formal policies and procedures, memos, resolutions, ordinances, etc. as well as an assessment of unwritten policies and procedures that are generally understood within the organization, but which have heretofore not been documented. KAMG also conducted interviews with current Purchasing staff and selected stakeholders (i.e., department heads) as directed by the City as well as an examination of current best industry practices.

WORK PLAN

Based on our recent discussions, the City would now like to proceed with the Phase 2 Implementation that was included in our original proposal of November 15, 2016. This may include:

- Additional outreach to City departments
- Development of new or revised purchasing policies and/or ordinances
- Creation of appropriate staff reports to the City Council as directed
- Presentation of new procedures to staff and stakeholders along with training

STAFF ASSIGNED

For this engagement, I will personally supervise all aspects of the proposed Work Plan and will be assisted by KAMG Principals David Gruchow and Mark Alvarado. Our resumes are attached to this proposal.

PROFESSIONAL FEES AND TERM

KAMG proposes to provide Phase 2 services to the City of Costa Mesa on a time and material basis for a fee not to exceed EIGHT THOUSAND DOLLARS (\$8,000), subject to any modification for additional work that you may request. KAMG would bill the City on a monthly basis and would utilize the following hourly rates:

President/CEO	\$235/hr.
Principal	\$195/hr.

Any out-of-pocket expenses would be billed to the City at KAMG's cost plus 10%. The term of this proposed Agreement would be 60 days from the date of execution, unless extended by written authorization from the City Manager.


CONCLUSION

KAMG looks forward to working with the City of Costa Mesa to continue improving the Purchasing operation. You may contact me directly at (714) 837-7502 or at williamk@ka-mg.com if you have any questions or would like to discuss this proposal further.

If this proposal is acceptable to you, please sign and date in the space provided below and return to me.

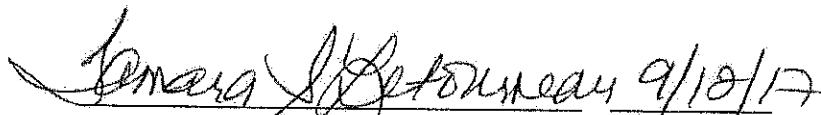
Sincerely,

KELLY ASSOCIATES MANAGEMENT GROUP, LLC



William R. Kelly
President/CEO

The City of Costa Mesa agrees to retain Kelly Associates Management Group LLC to perform a Phase 2 organizational assessment of the Finance Department's Purchasing operation, pursuant to the foregoing Proposal.


Ms. Tamara Letourneau
Assistant City Manager

9/10/17
Date



Resume of

William R. "Bill" Kelly

President/CEO

Education

- Doctoral Studies in Executive Management, Claremont Graduate University
- Executive Masters of Business Administration, Claremont Graduate University
- Masters of Arts in Management, Claremont Graduate University
- Masters of Public Administration, University of Southern California
- Bachelor of Science - Urban Planning, California State Polytechnic University-Pomona

Qualifications

William R. (Bill) Kelly is President/CEO of Kelly Associates Management Group LLC where he specializes in the areas of organizational management, economic development, redevelopment, and city planning. Mr. Kelly also served as the Chief Operating Officer for Urban Futures, Inc. for four years where he consulted with many local agencies. Prior to that, he was the City Manager of the City of Arcadia and Executive Director of the Redevelopment Agency for 14 years and also held positions of Deputy City Manager, Director of Community Development, Director of Development Services, and Director of Planning and Building for several California municipalities.

Mr. Kelly is an Adjunct Professor at the University of Southern California, Price School of Public Policy and is also a POST certified instructor for statewide Police Team Building.

Project Experience

- President/CEO, *Kelly Associates Management Group LLC*
- Chief Operating Officer, *Urban Futures Inc.*
- City Manager, *City of Arcadia*
- Principal, *GRC Consulting Inc.*
- Deputy City Manager/Community Development Director, *City of Burbank*
- Director of Development Services, *City of Brea*
- Director of Community Development/Public Works, *City of Baldwin Park*
- Director of Planning and Building, *City of San Bruno*
- City Planner, *City of Glendora*
- Vice Chair/Member, *State of California Law Enforcement Telecommunications Commission*
- Chair/Vice Chair/Member, *Los Angeles County Emergency Services Commission*
- Adjunct Faculty, *University of Southern California - Price School of Public Policy*
- Adjunct Faculty, *California State University, Long Beach - Graduate School of Public Policy*
- Adjunct Assistant Professor, *California State University, San Francisco - Graduate Program in Environmental Planning*



Resume of

David A. Gruchow

Principal

Education

- Master of Public Administration, California State University, Long Beach
- Bachelor of Arts – Political Science/Public Administration, California State University, Long Beach

Qualifications

David Gruchow has consulted to public sector clients since 2009 after a 33-year career in city government. For the first 16 years, he held staff and management positions in several departments in the City of Long Beach. For the last 17 years, he served as Assistant City Manager and Assistant Redevelopment Agency Executive Director for the City of Yorba Linda. Mr. Gruchow also served as a Principal with Urban Futures, Inc. for two and a half years specializing in redevelopment and economic development.

In addition to his extensive knowledge of government finance and management practices, Mr. Gruchow's major strength lies in his ability to pull together and manage teams of people to address complex problems. His active involvement in several high-profile development projects in Yorba Linda makes him a key member of the project team.

Project Experience

- Principal, *Kelly Associates Management Group LLC*
- Principal, *Urban Futures Inc.*
- Assistant City Manager/Assistant Redevelopment Agency Executive Director, *City of Yorba Linda*
- Administrative Officer – Public Works, *City of Long Beach*
- Executive Assistant to the City Manager, *City of Long Beach*
- Senior Administrative Analyst, *City of Long Beach*
- Recreation Leader, *City of Long Beach*



Resume of

Mark D. Alvarado, CPA

Principal

Education

- Bachelor of Science in Accounting, University of Southern California
- Certified Public Accountant (1988)

Qualifications

Mark Alvarado has over 33 years of experience in auditing and governmental accounting. He has worked in private industry and the public accounting field. After six years of auditing school districts, he was hired as the Assistant Finance Director for the City of Monrovia.

Promoted to Administrative Services Director after four years, he served in this capacity for 12 years, when he added the title and responsibilities of Assistant City Manager to his resume.

Over his 24 year career in government, Mark has extensive experience in budgeting, auditing, redevelopment, bond financing, financial system controls, labor negotiations, and personnel management.

Project Experience

- Assistant City Manager/Administrative Services Director, *City of Monrovia*
- Administrative Services Director, *City of Monrovia*
- Assistant Finance Director, *City of Monrovia*
- Audit Supervisor, *Vicenti, Lloyd & Stuzman, CPA's*
- Audit Supervisor, *Baker & Roberts, CPA's*
- Tax Accountant, *Beverly Enterprises*
- Revenue Agent, *United States Internal Revenue Service*