

PROFESSIONAL SERVICES AGREEMENT FOR FLEET SERVICES OPERATIONAL EFFICIENCY AUDIT

This **PROFESSIONAL SERVICES AGREEMENT** (“**Agreement**”) is made by the **CITY OF NORTH RICHLAND HILLS**, a Texas municipal corporation, hereinafter called “**City**,” and **MATRIX CONSULTING GROUP, LTD.**, hereafter called “**Contractor**.” The parties are each individually referred to herein as a “party” and collectively as the “parties.”

1. SCOPE OF SERVICES

1.1 Contractor agrees to provide professional services for the purpose of Fleet Services Operational Efficiency Audit as described in Exhibit A, which exhibit is incorporated into this Agreement for any and all purposes.

1.2 Contractor agrees to complete and deliver the final report and all other deliverables to City no later than October 31, 2025.

2. COMPENSATION

2.1 In consideration of the services described herein, City shall pay and Contractor shall receive compensation in accordance with Exhibit B, “Compensation,” which exhibit is incorporated into this Agreement for any and all purposes.

2.2 Total payments including without limitation reimbursable expenses, to Contractor by City for the services stated in Exhibit B shall not exceed **SIXTY-ONE THOUSAND FIVE HUNDRED THIRTY AND NO/100 DOLLARS (\$61,530.00)**.

2.3 City may authorize additional services to be provided by Contractor as mutually agreed upon by the parties in writing. Any authorization for additional services shall be given to Contractor by City in writing, approved by City, and executed by both parties.

3. TERM

This Agreement shall be effective upon May 1, 2025 and shall expire upon completion of all services contemplated herein, but not later than May 1, 2026. The anticipated project schedule is outlined in Exhibit C, “Project Schedule,” which exhibit is incorporated into this Agreement for any and all purposes.

4. TERMINATION

4.1 City may terminate this Agreement at any time for convenience or for any cause by a notice in writing to Contractor. Either City or Contractor may terminate this Agreement in the event the other party fails to perform in accordance with the provisions of this Agreement. Upon receipt of such notice, Contractor shall immediately discontinue all services and work and the placing of all orders or the entering into contracts for supplies, assistance, facilities, and materials, in

connection with the performance of this Agreement and shall proceed to cancel promptly all existing contracts insofar as they are chargeable to this Agreement.

4.2 If City terminates this Agreement under the foregoing Paragraph 4.1, City shall pay Contractor a reasonable amount for services performed prior to such termination, which payment shall be based upon the payroll cost of employees engaged on the work by Contractor up to the date of termination of this Agreement and for subcontract and reproduction in accordance with the method of compensation stated in Section 2: "Compensation" hereof. In the event of termination, the amount paid shall not exceed the amount appropriate for the percentage of work completed.

4.3 Non-appropriation of Funds. If services under this Agreement are anticipated to be performed outside of the current fiscal year and in the event no funds or insufficient funds are appropriated by City in any fiscal period for any payments due hereunder, City will notify Contractor of such occurrence and this Agreement shall terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to City of any kind whatsoever, except as to the portions of the payments herein agreed upon for which funds have been appropriated.

5. **INDEMNIFICATION; RELEASE OF LIABILITY**

CONTRACTOR SHALL RELEASE FROM LIABILITY, INDEMNIFY AND HOLD THE CITY AND ITS OFFICERS, AGENTS AND EMPLOYEES HARMLESS FROM ANY LOSS, DAMAGE, LIABILITY OR EXPENSE FOR DAMAGE TO PROPERTY AND INJURIES, INCLUDING DEATH, TO ANY PERSON, INCLUDING BUT NOT LIMITED TO OFFICERS, AGENTS OR EMPLOYEES OF CONTRACTOR OR SUBCONTRACTORS, WHICH MAY ARISE OUT OF ANY NEGLIGENT ACT, ERROR OR OMISSION IN THE PERFORMANCE OF THIS AGREEMENT. CONTRACTOR SHALL DEFEND AT ITS OWN EXPENSE ANY SUITS OR OTHER PROCEEDINGS BROUGHT AGAINST THE CITY, ITS OFFICERS, AGENTS AND EMPLOYEES, OR ANY OF THEM, RESULTING FROM SUCH NEGLIGENT ACT, ERROR OR OMISSION; AND SHALL PAY ALL EXPENSES AND SATISFY ALL JUDGMENTS WHICH MAY BE INCURRED BY OR RENDERED AGAINST THEM OR ANY OF THEM IN CONNECTION THEREWITH RESULTING FROM SUCH NEGLIGENT ACT, ERROR OR OMISSION.

6. **INDEPENDENT CONTRACTOR**

Contractor shall perform all work and services hereunder as an independent contractor and not as an officer, agent or employee of City. Contractor shall have exclusive control of and the exclusive right to control, the details of the work performed hereunder and all persons performing same and shall be solely responsible for the acts and omissions of its agents, employees and subcontractors. Nothing herein shall be construed as creating a partnership or joint venture between City and Contractor, its agents, employees and subcontractors; and

the doctrine of respondent superior shall have no application as between City and Contractor.

7. **ENTIRE AGREEMENT**

This Agreement represents the entire agreement between City and Contractor and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both City and Contractor.

8. **PROHIBITION OF ASSIGNMENT**

Neither party hereto shall assign, sublet, or transfer their interest herein without the prior written consent of the other party, and any attempted assignment, sublease, or transfer of all or any part hereof without such prior written consent shall be void.

9. **CHOICE OF LAW; VENUE**

This Agreement shall be construed in accordance with the laws of the State of Texas. Should any action, at law or in equity, arise out of the terms herein, exclusive venue for said action shall be in Tarrant County, Texas.

10. **CONFIDENTIAL INFORMATION**

Contractor understands and acknowledges that Contractor will be provided with information that may be confidential by law, rule, statute, ordinance, or legal order. Contractor shall not disclose any information deemed confidential to any party who is not privy to or who does not have a special right of access to said information. Contractor agrees to use confidential information for purposes of providing the services contemplated herein only as determined by the City. Disclosure of, or unauthorized use of, any confidential information by Contractor is a material breach of this Agreement. If Contractor violates this provision, and in addition to any other remedies at law or in equity that the City may have, the City may immediately obtain injunctive relief in a court of competent jurisdiction enjoining any continuing or further breaches and exercise any further remedies as authorized by law. Contractor agrees to indemnify and hold the City harmless for any claims or damages caused by Contractor's breach of this confidentiality provision.

11. **RIGHT TO AUDIT**

During the term of this Agreement, and at any time within three (3) years following the expiration of this Agreement, the City shall have the right of access to all information held in the possession of the Contractor related to services performed under this Agreement, for audit purposes or otherwise. Contractor agrees to provide access to such information unless expressly prohibited from doing so by court or other governmental order. Except in the event of an emergency, the City will provide reasonable advance notice of any intended audits and the need for the information. Contractor agrees that it will keep records relating to the services provided hereunder for as long as required by law.

12. **NOTICES**

Any notice required to be given hereunder shall be given by certified mail, return receipt to the following addresses:

If to City:
City of North Richland Hills
Attn: Paulette Hartman, City Manager
4301 City Point Drive
North Richland Hills, Texas 76102

If to Contractor:
Matrix Consulting Group, LTD.
Attn: Alan D. Pennington
1875 S Grant Street, Suite 960
San Mateo, CA, 94402

With copy to the City Attorney at:
Bradley A. Anderle
Taylor, Olson, Adkins, Sralla & Elam L.L.P.
6000 Western Place, Ste 200
Fort Worth, Texas 76107

13. **INSURANCE**

Contractor shall maintain the following Insurance coverage during the term of this Agreement, or other coverage acceptable to the City:

Comprehensive general liability insurance policy in minimum amounts of \$1,000,000 per occurrence and \$2,000,000 general aggregate for damage and/or injury to persons or property.

Professional liability policy with limits of no less than \$1,000,000 per claim or occurrence.

Worker's compensation insurance or its equivalent in the minimum statutory amount in the state where Contractor conducts its business.

Auto liability policy or its equivalent with a combined single limit of not less than \$1,000,000 per accident.

14. **DISPUTE RESOLUTION**

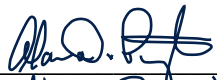
Except in the event of termination pursuant to Section 4.1, if either City or Contractor has a claim, dispute, or other matter in question for breach of duty, obligations, services rendered, or any warranty that arises under this Agreement, the parties shall first attempt to resolve the matter through this dispute resolution process. The disputing party shall notify the other party in writing as soon as practicable after discovering the claim, dispute, or breach. The notice shall state the nature of the dispute and list the party's specific reasons for such dispute. Within ten (10) business days of receipt of the notice, both parties shall commence the resolution process and make a good faith effort, either through email, mail, phone conference, in person meetings, or other reasonable means to resolve any claim, dispute, breach, or other matter in question that may arise out of, or in connection with, this Agreement. If the parties fail to resolve the dispute within sixty (60) days of the date of

receipt of the notice of the dispute, then the parties may submit the matter to non-binding mediation in Tarrant County, Texas, upon written consent of authorized representatives of both parties in accordance with the Industry Arbitration Rules of the American Arbitration Association or other applicable rules governing mediation then in effect. The mediator shall be agreed to by the parties. Each party shall be liable for its own expenses, including attorney's fees; however, the parties shall share equally in the costs of the mediation. If the parties cannot resolve the dispute through mediation, then either party shall have the right to exercise any and all remedies available under law regarding the dispute. Notwithstanding the fact that the parties may be attempting to resolve a dispute in accordance with this informal dispute resolution process, the parties agree to continue without delay all of their respective duties and obligations under this Agreement not affected by the dispute. Either party may, before or during the exercise of the informal dispute resolution process set forth herein, apply to a court having jurisdiction for a temporary restraining order or preliminary injunction where such relief is necessary to protect its interests.

EXECUTED on this, the _____ day of _____, 20____.

ACCEPTED AND AGREED:

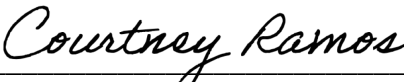
CONTRACTOR:

By: 
Name: Alan D. Pendragon
Title: President
Date: 3/21/25

CITY OF NORTH RICHLAND HILLS:

By: _____
Paulette A. Hartman
City Manager
Date: _____

ATTEST:

By: 
Name: Courtney Ramos
Title: Senior Vice President

ATTEST:

By: _____
Alicia Richardson
City Secretary/Chief Governance
Officer

APPROVED TO FORM AND LEGALITY:

By: _____
Bradley A. Anderle
City Attorney

EXHIBIT A SCOPE OF SERVICES

SCOPE OF WORK / TASK PLAN

TASK 1: CREATE PROJECT FRAMEWORK AND KICK-OFF MEETING

We will launch the project by setting up a robust Project Management framework that will guide the project work to completion. This framework includes:

Pre-launch meeting: We will meet with the City's Project Lead to review the administrative aspects of the project and ensure a mutual understanding of timelines, key personnel, status meetings, and deliverables.

Request for Information (RFI). We will provide the City with a comprehensive RFI detailing the data we will require for the project. We will provide a structured data collection template to collect all required information and identify any items that are not readily available. We will discuss data transfer and storage with the City and adopt a shared folder that is convenient for you. An example of an RFI for a recent project appears below.

Request for Information (RFI)	
Section	General Information Description
Governance	
G-1	Organization's Strategic Plan
G-2	Professional Development or Training Plans
G-3	Fleet policies and plans (maintenance, fuel, safety, etc.)
Organization	
O-1	Organizational Chart for the entire organization
O-2	List of departmental fleet reps with names, positions, location and contact information
Fleet Lifecycle and Replacement	
R-1	Fleet Asset Inventory Listing
R-2	Fleet Lifecycle policies (acquisition, remarketing, in-service utilization of assets)
R-3	Fleet Lifecycle parameters by unit class (miles/hours, trips or other metrics used)

Kick-off Meeting. We will conduct a project initiation meeting with the Project Steering Committee to review study objectives, approach, work plan, interim deliverables, and schedule. We will prepare slides to guide the meeting and keep a record of discussion detailing action items.

Status meetings. We will schedule bi-weekly meetings to review the project timeline and progress on deliverables.

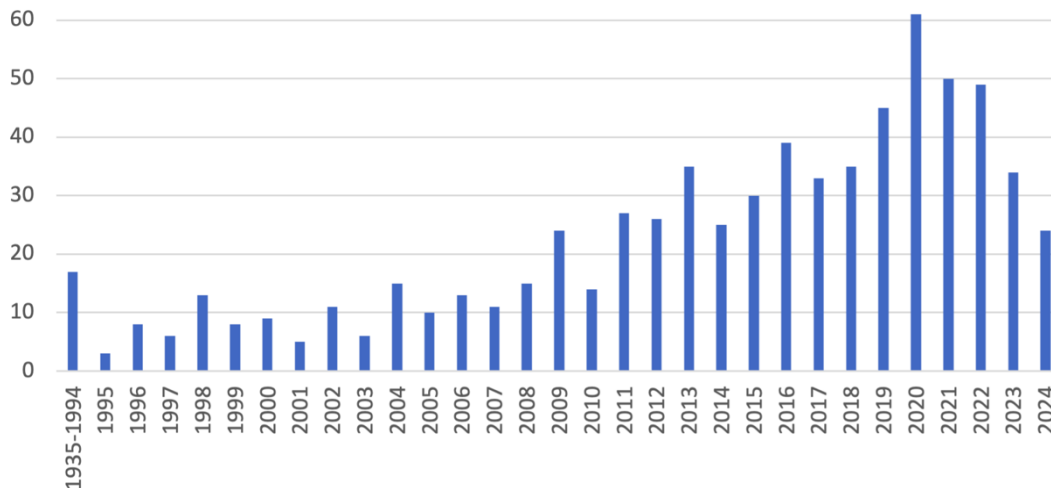
Task Result: We will create a framework that will support the management of the project and complete a Project Inception Report outlining the project understanding, methodology, and timeline.

Task 2: Perform a Current State Analysis

This task involves reviewing data as it is submitted and meeting with stakeholders to build an understanding of the fleet organization and create a fleet profile. We will build a detailed current inventory listing fleet data by department, year, and model, which will be the basis for future studies. The inventory will also reflect unit and VINs, purchase date, current odometer, anticipated mileage, and capital and operating costs. A sample table generated from a consolidated inventory by vehicle type and average mileage can be seen below:

Equipment Class	Count	Avg. Mileage
Sedan	5	27,283
SUV	32	40,528
Van	13	67,746
Pick-up	55	55,636
Truck MD	42	48,983
Truck Dump	13	45,351
Truck Service	8	18,126
Heavy Equipment	1	47,020
TOTAL	169	47,696

We will use diagrams and graphs to illustrate important information, such as annual fleet units purchased in the example below:



In addition to the inventory, the Fleet Profile will provide an overview of the organization, job descriptions, facilities, budget, policies, and use of technology. A draft fleet profile will be

submitted to allow the City to edit or add to the information collected. The report will conclude with a list of challenges and opportunities noted during early analysis. The final version of this assessment will be the baseline upon which all future deliverables are built.

Task Result: We will use data analysis and stakeholder feedback to create a Current State Assessment Report documenting the current inventory and staffing as well as existing Fleet Services operational policies and processes.

TASK 3: CONDUCT A BEST PRACTICES REVIEW

In this task, the project team will analyze the efficiency and effectiveness of the organization's fleet service delivery. This assessment will focus on the degree to which the City follows recognized industry best management practices and opportunities to improve fleet program management and/or lower costs. This task includes a site visit to assess maintenance practices and conducting in-person interviews. The best practice review will concentrate on fleet governance, utilization, replacement, maintenance, and technology.

GOVERNANCE AND POLICIES

We will review how the fleet program is governed from a corporate perspective, including policies related to fleet management and vehicle maintenance, the division of responsibilities between fleet program stakeholders, the degree of centralization, lines of communication, and customer service protocols. We will assess customer satisfaction with the current support by conducting a survey of the fleet's main customers. We will also closely examine the policy framework and provide recommendations for the content of the Fleet Policy Manual, Driver's Handbook, and Service Level Agreements.

UTILIZATION

We will look at miles traveled, hours used, trips per day, and criticality for administrative vehicles to assess whether all fleet assets are fully utilized. If some assets are not fully utilized, we will make recommendations for their future status. We will look at the number of crews, shifts, and reserves for emergency service assets to ensure that the fleet adequately supports operations. We will recommend asset retention, elimination, replacement, pooling, right-tying, and right-fueling.

REPLACEMENT

Fleet replacement should be planned to occur at the optimum point in the asset's lifecycle to minimize Total Costs of Ownership (TCO). We will assess the extent to which the City is replacing assets at their optimum replacement points. We will use our Fleet Replacement Planning Tool to refine a replacement plan for the City. Replacement planning is dependent on the funds available. We will examine the fund structure and chargeback rates. We will also assess procurement practices, specifications, and contract management.

MAINTENANCE

We will review and evaluate all aspects of shop operations, including:

Technology in use for fleet and maintenance management, utilization and fuel.

Preventive Maintenance scheduling and compliance.

Unscheduled repairs completion.

Work order management.

Decision-making for outsourced work.

Parts ordering and inventory management.

Other management and support staff and responsibilities.

Where applicable, we will use flowcharting to diagram process flows and our recommendations for improvement.

We will assess the adequacy and effectiveness of maintenance staffing using an established industry methodology: Vehicle Equivalency Unit (VEU) Analysis. A VEU represents a relative repair factor that enables comparisons between different types of vehicles and fleets. The baseline is the passenger sedan, which is assigned a VE of 1.0. All other vehicles and equipment are given a VE based on the relative level of effort required to maintain them compared to a sedan.

Once we have determined the total number of VEs represented by the vehicles and equipment in the fleet, we can determine the labor hours required to maintain one VE. In our experience, this number is impacted by factors such as the age of the fleet, utilization, shops and tools, operating environment, etc. Once we have determined the labor hours per VE, we will calculate the need for mechanic labor. The final step in determining the number of mechanics required is to evaluate the labor hours a mechanic can produce in a year. Once we know the number of mechanics required, we can make informed recommendations on the number of bays and the division between light and heavy duty.

These staffing calculations are also part of our Excel-based fleet modeling tool. We will provide a copy so you can estimate the impacts of fleet growth or reduction on staffing requirements. After calculating the mechanics, we will determine the need for supervisors and support staff. We will review the job descriptions of all staff and recommend changes as needed.

TECHNOLOGY

Fleet management is an increasingly data-driven activity, and organizations must have tools to capture the data needed to make important decisions. We will, therefore, examine the adequacy of tools currently in place for this purpose.

The resulting Best Practices Checklist will cover how the City meets each industry standard in a checklist format as shown below. Note that each topic will be the subject of a chapter in the final report where findings, recommendations, and savings will be identified.

Best Practice Criteria	Status	Comment
1. The City has a fit-for-purpose Fleet Management Information System.	✓	The City uses Assetworks M5, a well-recognized industry tool.
2. The City uses odometer readings from the GPS system to monitor utilization.	X	The City does not use GPS.
3. The City has a reporting matrix that details what information is required at what level in what format and at what time intervals.	~	An annual report is compiled, but information needs are not regularly assessed.

Task Result: We will provide a Best Practice Checklist, the results of a customer satisfaction survey, policy revisions, a replacement plan and a maintenance staffing spreadsheet.

TASK 4: CONDUCT A BENCHMARKING STUDY

In addition to this industry best practice comparison, we will identify three organizations similar in size, location, and climate to North Richland Hills and interview them. This will provide the City with additional input on best industry practices. We will request that the benchmark partners provide their fleet inventories and information on their acquisition methods, replacement plans, and shop operations.

We follow these steps in the conduct of a benchmark study:

Draft benchmarking survey for approval by the City.

Identify and confirm the participation of industry partners.

Schedule and conduct interviews to administer the survey.

Collate all information as case studies and identify lessons learned.

In our experience, this type of benchmarking exercise can be very time-consuming, so it is essential to identify participants early on.

Task Result: We will provide a Benchmarking Report comparing the City's processes to best practices in other cities.

TASK 5: COMPILE A FINAL REPORT AND IMPLEMENTATION PLAN

Upon the conclusion of the preceding tasks, we will prepare a detailed report summarizing the results of each of the previous work tasks and clearly delineating the recommended changes and associated costs. The report will be structured as follows:

Executive Summary

Introduction, Methodology, and Project Approach

Fleet Profile

Best Practices

- Governance and Policies
- Utilization
- Replacement
- Maintenance
- Technology

Benchmarking Comparison

Recommendations Summary and Prioritization (Implementation Plan)

Appendix – Best Practice Checklist

This report includes specific, actionable recommendations for improvement with a cost-benefit analysis and implementation plan.

Once the draft report is complete, we will submit it to the City Project Lead and work with them to clarify any questions. Once the report is checked for factual accuracy and comments returned to our project team, we will make the necessary edits and produce a final version. We will provide electronic copies of the final report and all attachments to the Project Lead.

Task Result: We will provide a draft and final report in the format described.

EXHIBIT B
COMPENSATION

1. COMPENSATION

For and in consideration of the services to be rendered by Contractor under this Agreement, City shall pay to Contractor the compensation hereinafter set forth in accordance with the terms set forth herein.

Task	Total Fee
1. Launch Project	\$3,290
2. Fleet Profile	\$12,000
3. Best Practices	\$20,400
4. Benchmarking	\$11,600
5. Final Report	\$11,240
Total Professional Fees	\$58,530
Travel Expenses	\$3,000
Total Project Cost	\$61,530

2. PAYMENT

Payments to Contractor will be made as follows:

Monthly payment of the fee will be in proportion to the percent completion of the total work by task.

Monthly invoices will be issued by Contractor for all work performed under this Agreement. Invoices will be prepared in a format approved by City prior to submission of the first monthly invoice. Once approved, City agrees not to require changes in the invoice format, but reserves the right to audit.

City's payments under this Agreement, including the time of payment and the payment of interest on overdue amounts, are subject to Chapter 2251 of the Texas Government Code. Payment shall be due within thirty (30) days of the date the City receives a timely and proper invoice for the goods or services. Interest on any overdue payment shall not exceed 1% plus the prime rate as published by the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.

Upon completion of services enumerated in Exhibit A, the final payment will be due upon receipt of the final invoice.

EXHIBIT C

PROJECT SCHEDULE

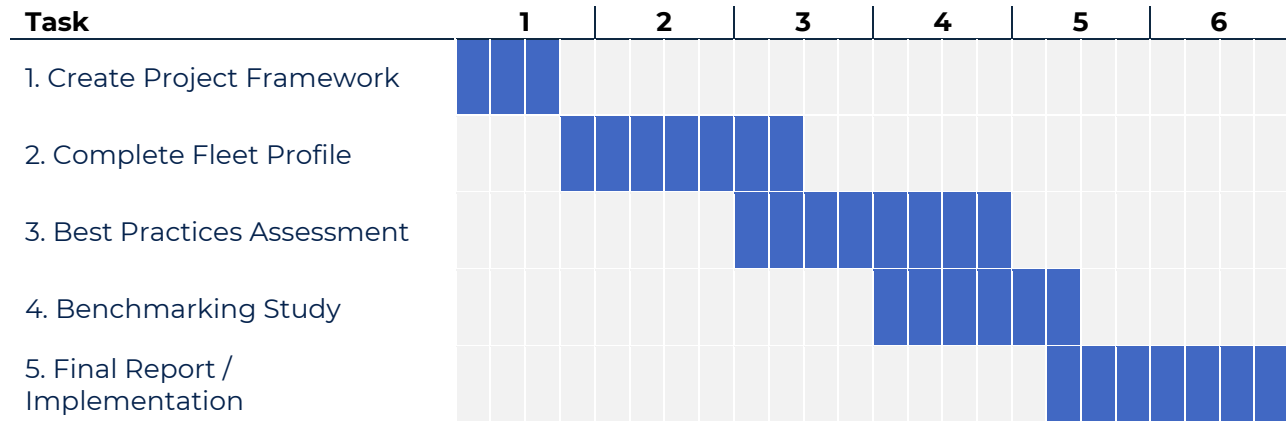
PROJECT SCHEDULE

The Scope of Services for this PROJECT is based on the following schedule:

Activity	Date
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PROPOSED SCHEDULE

The chart below shows our proposed timeline for completing this project over six months. If we receive a notice to proceed, we will finalize the project schedule with the City to ensure we meet their needs.



All proposed timelines can be adjusted based on City staff priorities, preferences, and requirements. We can begin work within two weeks of receiving a notice to proceed.