

SpyGlass Snapshot Audit Agreement

This agreement, effective as of the later of the dates of signature below ("Effective Date"), is between **City of Reedley** ("Company"), and The SpyGlass Group, LLC, an Ohio limited liability company ("Auditor").

1. Primary Audit Services. Company is engaging Auditor as an independent contractor to analyze its primary telecommunications service accounts (local voice, long distance voice, data, Internet, and wireless) to seek cost recovery, service elimination and cost reduction recommendations. Auditor will deliver the recommendations to Company, implement recommendations that Company elects for Auditor to implement, and deliver a complete telecommunications inventory to Company.

While Auditor is performing its analysis, Company will not make changes or perform internal cost reduction analysis with respect to provider accounts which Company has included within the scope of Auditor's review.

2. Fees. Company will pay Auditor the applicable fee set forth below ONLY for Auditor recommendations implemented within twelve (12) months of Auditor delivering the recommendation to Company:

- 50% of any "Cost Recovery", as defined below
- 12 times any "Service Elimination Savings", as defined below
- 12 times any "Cost Reduction Savings", as defined below

"Cost Recovery" is any refund, credit or compensation received by Company relating to past services or charges.

"Service Elimination Savings" is any monthly cost reduction received by Company relating to cancellation of any service, including monthly usage cost reduction (calculated as the average of the last 2 months of usage costs associated with the cancelled service).

"Cost Reduction Savings" is any monthly cost reduction received by Company relating to the modification, consolidation or negotiation of any service, account or contract, including post discount usage rate improvement (calculated as the (a) decrease in post discount per unit pricing realized by Company for any service, times (b) the average of Company's last two (2) months usage levels measured in such units for the modified service).

3. Invoicing and Payment. Fees for Cost Recovery are due as a one-time payment within 10 days of verification that Company has been issued the refund, credit or compensation resulting in such fees. Fees for Service Elimination Savings and Cost Reduction Savings are due as a one-time payment within 10 days of verification that the cancellation or other activity resulting in the Service Elimination Savings or Cost Reduction Savings has been completed. Auditor may issue separate invoices as different fees are earned.

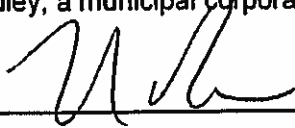
4. Miscellaneous. This agreement is governed by the laws of the State of California, without regard to principles of conflicts of law, and may be executed by facsimile and simultaneously in multiple counterparts. Company agrees that Auditor does not warranty the overall performance, Company satisfaction, or data accuracy of any telecommunications related carrier, provider, software manufacturer or vendor at any time whatsoever during or after the term of this agreement. Each person signing this agreement on behalf of a party represents that he or she has been duly authorized to sign this agreement and to bind the party on whose behalf this agreement is being signed by that signatory. AUDITOR SHALL NOT BE LIABLE TO THE COMPANY FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR BUSINESS INTERRUPTION, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT OR OTHERWISE, EVEN IF EITHER PARTY HAS BEEN WARNED OF THE POSSIBILITY OF ANY SUCH LOSS OR DAMAGE IN ADVANCE. IN ADDITION, IN NO EVENT SHALL AUDITOR'S LIABILITY TO COMPANY EXCEED THE FEES ACTUALLY PAID BY COMPANY TO AUDITOR.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the Effective Date.

COMPANY

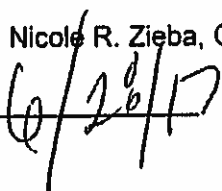
City of Reedley, a municipal corporation

Signature: _____



Print Name: Nicole R. Zieba, City Manager

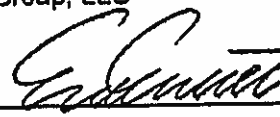
Date: _____



AUDITOR

The SpyGlass Group, LLC

Signature: _____



Print Name: Edward M. DeAngelo

Date: JUN 28 2017



REEDLEY CITY COUNCIL

- ☒ Consent
- ☐ Regular Item
- ☐ Workshop
- ☐ Closed Session
- ☐ Public Hearing

ITEM NO: 4

DATE: June 27, 2017

TITLE: APPROVE AND AUTHORIZE THE CITY MANAGER TO EXECUTE AN AUDIT AGREEMENT WITH THE SPYGLASS GROUP, LLC TO ANALYZE TELECOMMUNICATIONS SERVICE ACCOUNTS FOR HISTORICAL AND FUTURE COST SAVINGS

SUBMITTED: Paul A. Melikian, Assistant City Manager *PM*

APPROVED: Nicole R. Zieba, City Manager *NZ*

RECOMMENDATION

It is recommended that the City Council approve and authorize the City Manager to execute an audit agreement with The Spyglass Group, LLC to analyze City of Reedley telecommunications service accounts (local voice, long distance voice, data, Internet, and wireless) to seek cost recovery, service elimination and cost reduction recommendations.

EXECUTIVE SUMMARY

The City currently spends approximately \$6,700 per month or \$80,400 annually for the telecommunications accounts defined above. As the complexity of City communications channels have increased, so has the billing and structure of the plans. Many accounts have been in place for years and have never been formally audited. The City takes advantage of government pricing whenever offered, however there are nuances, special programs, and special industry knowledge that staff does not possess that could generate additional savings. In addition, it is possible that unnecessary redundancies or excess service coverages have crept into City plan structures over the years. To date, The Spyglass Group, LLC ('Spyglass') has worked with 82 educational and governmental agencies in the State of California alone, including nearby cities of Exeter and Dinuba, and Kings Canyon Unified School District.

Spyglass' compensation is completely success-based, so the City will only pay if their audit uncovers recommendations that can save money. There are no up-front costs and the City remains in complete control of what's implemented. After the changes are implemented, the City would pay Spyglass a portion of what was saved, as defined below, and the City is guaranteed to recoup the fee in one year or less.

FISCAL IMPACT

Under the proposed agreement, the City will benefit from 50% of the value of any successful cost recovery relating to past services or charges, with the other 50% going to Spyglass for their fee. For any savings going forward, Spyglass will receive the equivalent to 12 months of savings resulting from service

Report to the City Council
The Spyglass Group, LLC Audit Services Agreement
June 27, 2017

elimination or cost reductions in the form of a one-time fee. The City would continue to realize these savings well above and beyond the 12 month fee amount. Staff will communicate the results of the audit with the City Council once it is completed.

ATTACHMENTS

Audit Agreement with The Spyglass Group, LLC