

How does the contingency payment in the contract get paid? If the consultant finds new revenue in year 5 of the contract, he will get paid 15% of the revenue collected over the next 7 years? (as opposed to 15% of the total revenue paid out over 7 years)? **The consultant would get paid based on actual receipts from the date the first dollar is received, for 7 years. So in the example above, he would get paid for 7 years from the date the City first receives money, but only to the extent it is actually received. So if the City receives a lump sum in year 5 and that's all, he gets 15% of that one time and that's it. If the City starts receiving tax revenue that is ongoing, he gets 15% of the ongoing actual receipts for 7 years.**

In the body of the contract (Method of Payment, 4.1), it states that the consultant will be paid by the city after submission of invoices. Later, in Exhibit A, there is talk of the consultant collecting revenue. Will the consultant actually be collecting revenue? Is this customary? What safeguards will there be for the city in regard to this collection of revenue? **The consultant would do the collections work - sending letters, bills, contacting the entities that owe money, etc. - but the money would be remitted to the City directly. There would not be a situation where the consultant receives or holds the City's funds.**

If the consultant identifies a New Revenue opportunity through Public Codes (Exhibit A, Contingent Services: 1.) does that mean that if the consultant recommended a new tax on gas pipelines that he would be able to collect 15% of all payments for gas pipeline revenue? **No as to "all payments." Note that in the definition in Exhibit B he must identify the new revenue source and have it approved for collection in order for it to be defined as a Contingent Fee Service. So, if the City Council and voters in the future approve a new or increased tax, the fact that the City would receive additional revenue from existing sources would not entitle the consultant to a contingent fee.**

What if the Consultant recommended an increase in the city's pipeline fee for oil pipelines? If that were to happen, it would affect Crimson too. Would that be a conflict with Councilman Moore's company? **In the abstract, I have no way of analyzing whether such a potential recommendation would have a material financial effect on Crimson. Further, if such a recommendation is made in the future, we have no way of knowing whether Crimson will still be a client of Mr. Moore's firm. We would evaluate that issue at the time based on actual facts. The decision before the City Council does not involve Crimson.**

In Additional Services (Exhibit A, 4.), the consultant is paid to represent the city in negotiations with seismic companies. Diane Ripley worked Public Relations for at least one of these companies. As a principal in MPA, is this a conflict for MPA to negotiate with these companies? **There are too many**

hypotheticals here to evaluate completely. Certainly, the fact that Diane Ripley may have worked with "at least one" seismic company doesn't preclude Greg Kirste from negotiating with others. Note that Additional Services must be separately approved before starting.

Has this contract changed from the original RFP that was sent out? There was no RFP, there was an RFQ which was sent to the consultants. Copies of their responses to the RFQ were included with in the June 11, 2018 Council packet. Has the scope been reduced? No the scope has not been narrowed. However, since there is no money in the budget to perform any components of the scope there has been no agreements signed. The staff report states that no more work was done on this project since May 2017. No agreement has been approved/authorized by the Council. Were other companies given an opportunity to re-bid? There was nothing to re-bid. As a reminder, the original RFQ specifically asked to "Identify additional revenue opportunities...". Were they all treated equally and all given the same information? Yes they were.

Thank you.

Schelly