



March 20, 2025

Jordan Nelson, Finance Director  
City of Valdez  
212 Chenega Ave.  
Valdez, AK 99686

**Re: Statement of Work - Related to Agreement for Professional Services and Terms and Conditions Dated December 9, 2024, as Entered into with the City of Valdez**

Dear Mr. Nelson,

This Statement of Work ("SOW") is provided to the City of Valdez ("Client" or "you") for the services described below (the "Services"), which Services may be modified upon our mutual written agreement.

Client acknowledges that Client previously executed an Agreement for Professional Services and Terms and Conditions dated December 9, 2024 (collectively, the "Services Agreement") which are incorporated by reference into this SOW. The Services Agreement along with this SOW constitutes the agreement ("Agreement") between BDO USA ("BDO" or "we") and Client.

To the extent there is any conflict or inconsistency between the Services Agreement and any SOW, unless otherwise agreed to in writing, the Services Agreement shall prevail.

The SOW is effective as of the date set forth above ("Effective Date") and shall remain in effect until the earlier of (a) completion of the Services hereunder, (b) a party's termination of this SOW in accordance with the Services Agreement, and (c) one (1) year from the Effective Date. Any term or condition incorporated into this SOW that is an addition to or a replacement of the specific terms and conditions contained in the Services Agreement applies only to the Services provided under this SOW.

## **RUSSIAN OWNERSHIP OR CONTROL**

By executing this Agreement, Client represents that the Client is not owned or controlled, directly or indirectly, by one or more Russian citizen(s), Russian national(s), persons physically located in Russia, or entity(ies) organized under the laws of Russia. Client agrees that if at any time while BDO is providing Services to the Client the foregoing representation is no longer true, Client will immediately notify BDO.

## **SCOPE OF SERVICES**

BDO agrees to provide the following Services:

### **Grants Administration Infrastructure Assessment**

#### ***Gap Assessment***

- Conduct a comprehensive evaluation of the City's policies, processes and procedures for the management of grant funding to include:
  - Accounting
  - Procurement
  - Recipient Monitoring

- Reporting (Invoicing, Programmatic Reports, Financial Reports)
- Evaluate existing policies and processes for compliance with the expectation of the Uniform Guidance (2 CFR 200) and award specific terms and conditions.
- Review current Single Audit preparation processes to support compliance environment.
- Review expenditure tracking systems to support compliance with applicable regulations.
- Provide the City with a gap analysis showcasing areas of non-compliance and recommendations for remediation based on industry best practices.

#### ***Action Plan Development***

- Develop a roadmap of activities and timelines to address identified gaps and recommendations, and to enhance grant compliance, and effectiveness and efficiency of grant management processes.
- Document relevant roles and responsibilities across the City's structure, including central finance and accounting staff and other operating units.

#### **Building In-House Grant Administration Capacity**

##### ***Centralized System Review & Interim Dashboarding & Reporting Solution***

- Evaluate the software solution to address alignment with the City's grant programs and offer recommendations for its design and implementation.
- Develop and use a temporary system for dashboards and reports to ensure consistent and accurate reporting until the city introduces a new grants management system. This will involve:
  - Creating a custom dashboard tool using SharePoint.
  - Managing and maintaining this tool.
  - Coordinating with various grants, grants management staff, and sub-recipients.
  - Performing quality assurance and quality control checks on reports.
  - Documenting the submission process and related activities.

#### ***Indirect Rate Training***

Conduct 1-2 training sessions for staff on grant management, reporting processes, and indirect rates.

Services will be performed remotely or at BDO facilities, which we believe is the most efficient approach for completion of the Services. Notwithstanding anything to the contrary herein, any timing set forth in this SOW is the estimated timing subject to dependencies, including without limitation, Client's satisfaction of its obligations hereunder.

Any service not specifically described in this SOW is outside the scope of this Agreement.

#### **ASSUMPTIONS**

The following general assumptions have been made in the development of this SOW and all fees and expenses are contingent upon the accuracy of these assumptions and are subject to change if any are incorrect. These assumptions should be carefully reviewed by Client to verify accuracy. To the

extent that these assumptions are not met or turn out to be inaccurate, the cost and delivery schedule of the Services may be impacted. If this occurs, Client agrees to negotiate in good faith to mutually develop a work-around plan, revised schedule, and revised fees and expenses.

- ▶ BDO will be able to hold information-gathering sessions with key Client personnel to gather information required for creating project deliverables in a timely manner.
- ▶ Client will provide BDO with copies of any existing documentation describing any pertinent information prior to the project commencement.
- ▶ BDO will not be held responsible for unreasonable delays in the project timetable due to unavailability of information or resources from Client or its vendors.
- ▶ The information supplied to BDO to create this SOW is accurate and will not substantially change.
- ▶ Client will provide a single point of contact for all project activities.
- ▶ Client will provide the logistics for meetings including, but not limited to, room arrangements, transportation, and other incidentals related to on-site visits.
- ▶ When the BDO engagement team is working on-site, Client will provide appropriate workspace with access to wifi/internet, phones, copiers, printers, etc.
- ▶ Client, and as necessary, its advisors, will make timely decisions regarding approach, review of deliverables, completion of any questionnaires distributed and personnel interviews.
- ▶ Client is the owner of the control environment and financial information, including the notes within the financial statements and the applicable disclosures in the financial report.
- ▶ Client will retain ultimate responsibility for policy decisions and judgment decisions, as well as for concluding on the adequacy of the design and operating effectiveness of the internal control environment.
- ▶ BDO does not guarantee or warrant any particular outcome as a result of this engagement and our fees are not contingent on such an outcome.

## **INDEPENDENCE & CLIENT MANAGEMENT RESPONSIBILITIES**

All Services provided by BDO pursuant to this Agreement are strictly advisory in nature. It is of utmost importance that Client's management fully understands the nature and extent of the Services to be performed pursuant to this Agreement and exercises its own independent judgment on behalf of Client in connection therewith.

BDO may not, and will not, serve as a member of the Client's management, including:

- Making operational or financial decisions
- Performing management functions
- Reporting to the board of directors on behalf of Client's management

Client agrees that Client shall perform the following functions: (a) make all management decisions and perform all management functions with respect to the Services performed by BDO; (b) assign an individual who possesses the suitable skill, knowledge, and experience to oversee the Services and to evaluate the adequacy and results of the Services; and (c) accept responsibility for the Services.

## FEES

We are please to offer a single blended hourly rate to be charged for all individuals supporting the City of Valdez. This blended rate has been calculated by applying a 35% discount from our standard rates, as shown in the table below. In accordance with firm-wide adjustments, these rates will increase 5% effective August 1st 2025, and annually thereafter.

RESOURCE	STANDARD RATE	DISCOUNTED RATE FOR CLIENT	BLENDED RATE
Principal	\$788	\$485	\$350
Managing Director	\$735	\$455	
Director	\$630	\$390	
Senior Manager	\$562	\$345	
Manager	\$515	\$320	
Senior Associate	\$415	\$255	
Experienced Associate	\$331	\$200	
Associate	\$263	\$160	

Our charges for the Services will be billed on a time and materials basis and the total fee will not exceed \$120,000 for a 24-month period of performance. BDO will execute these services in two phases. Phase 1 will consist of the Grant Administration Infrastructure Assessment and development of the Interim Solution for dashboarding and reporting. Phase 2 will consist of the Centralized System Review, Maintenance of Interim Solution, and Indirect Rate Training.

- **Phase 1:** Estimated support related to the Grant Administration Infrastructure Assessment and Development of the Interim Solution for Dashboarding and Reporting will be \$75,000 for the first 12-month period of performance.
- **Phase 2:** Estimated support related to the Centralized System Review, Maintenance of the Interim Solution and Indirect Rate Training will be from \$45,000 for the second 12-month period of performance. BDO expects to allocate 5 hours a month for the maintenance of the tool.

Should we encounter unforeseen problems that will warrant additional time or expense, you will be notified as soon as possible regarding the anticipated impact on fees or project schedule.

We have structured our team to provide a cost-effective resource mix where possible. We also will bill you for travel and out-of-pocket expenses as incurred.

This engagement is also assessed a standard \$20.00 per hour charge for professional time incurred. This charge is for time associated with our internal quality control processes and other engagement oversight that is critical to the effectiveness of the engagement. These resources do not charge hours directly to the engagement.

This engagement includes only those Services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate SOW.



## NEXT STEPS

We will coordinate with your designated representative to determine an appropriate timeline and immediate next steps for the Services.

If you have any questions pertaining to this SOW, please contact Corey Eide [ceide@bdo.com](mailto:ceide@bdo.com). BDO values your business and looks forward to many years of providing quality professional services to you.

Very truly yours,

**BDO USA**

By: \_\_\_\_\_

Name: Andrea Espinola Wilson

Title: Managing Principal

By signing below, the authorized signatory represents that he/she has power and authority and has obtained all approvals, authorizations and consents necessary to enter into this Agreement on behalf of the Client set forth below for whom the authorized signatory is executing this Agreement. The authorized signatory represents that this Agreement constitutes the legal, valid, and binding obligation of the Client set forth below for whom the authorized signatory is executing this Agreement and is enforceable against the Client in accordance with its terms. The Client set forth below acknowledges and agrees that the authorized signatory is duly authorized to bind it as a party hereto.

**Accepted and Agreed to by:**

**City of Valdez**

By: \_\_\_\_\_

Name: Jordan Nelson

Title: Authorized Signatory