

EXHIBIT A

Scope of Work Inventory and Warehouse Management Services

The Services to be provided by Techline, Inc. through Toby Melcher consist of inventory and warehouse management services for the City's three (3) operating warehouse locations:

Transportation Division Warehouse – Streets, Drainage and Traffic:

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|--|---|
| Location: | 630 East Hopkins Street San Marcos Texas 78666 |
| Additional Yard: | 750 River Road (Behind Animal Shelter) San Marcos, Texas 78666 |
| Assistant Director of Public Services: | Sabas Avila, P.E., CFM |
| Streets Division Manager: | (Open) |
| Drainage Division Manager: | Shawn Wolfshohl |
| Traffic Division Manager: | Ning Zou |

Water/ Wastewater Division Warehouse:

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|--|--|
| Location: | 630 East Hopkins Street San Marcos, Texas 78666 |
| Assistant Director of Public Services: | Jon Clack |

Electric Utility Division Warehouse:

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| Location: | 1040 Hwy. 123 San Marcos, Texas 78666 |
| Assistant Director of Public Services: | Tyler Hjorth, P.E. |

I. SCOPE OF CONTRACTOR'S BASIC SERVICES

The Contractor will:

A. Provide a full time supervisor for on-sight warehouse management services for an average in-stock inventory estimate of \$1.8 million across the five (5) City warehouses. The City reserves the right to approve assigned personnel. The Contractor's services include:

- 1) Oversight of five (5) City warehouses at ~~three (3)~~ **four (4)** warehouse locations.
- 2) Line supervision of up to ~~three (3)~~ **four (4)** City warehouse technicians.
- 3) Forecasting of future product demands.
- 4) Serving as primary interface with the City's Finance Department regarding inventory.
- 5) Providing weekly **monitoring and** suggested replenishment item list(s).
- 6) Conducting workflow efficiency audits, procedural and process gap analysis and providing recommendations for improvements.
- 7) Providing product standardization suggestions to improve price and availability.

- 8) Providing 24-hour access to the Contractor's employees and inventory assets during an emergency.
- 9) Supervising the warehouses to ensure thorough and accurate inventory records are maintained.
- 10) Procuring and issuing inventory parts per City purchasing procedures.
- 11) Confirming contract pricing on invoices.
- 12) Managing and maintaining parts inventory and warehouses.
- 13) Performing annual inventory and cycle counts.
- 14) Compiling and analyzing inventory usage data; identifying and recommending items to be removed from stock.
- 15) Supervising City technicians labeling and organizing stock.
- 16) Reviewing completed work orders and monitoring for accuracy of parts usage information.
- 17) Tracking and charging out weekly, itemized repair costs by City department/division; part number, work order number, and GL accounts.
- 18) **Monitor**, collecting, compiling, and maintaining invoices and receipts.
- 19) **Monitor**, generating and reviewing financial reports; verifying that expenditures have been appropriately allocated; updating expenditure spreadsheets.
- 20) **Monitor**, preparing requisitions and checking requests for the payment of invoices.
- 21) **Monitor**, creating, updating, and maintaining vendor files and contracts.

B. Provide best efforts but not guarantee the following:

- 1) A 95% fill rate percentage from warehouses.
- 2) Complete inventory accuracy in warehouses.
- 3) Reduction of inventory obsolescence.

C. Attend a monthly meeting with the City (to include the three (3) **managers**, Assistant Directors, as appropriate) to address upcoming project updates so future material needs can be met.

D. Attend a quarterly warehouse user meeting to evaluate the Contractor's performance.

E. Assign Toby Melcher to personally serve as the Contractor's representative. Mr. Melcher is responsible for all Services performed under this Agreement. The Contractor will not substitute another representative unless approved in writing by the City in advance of such proposed substitution. In the event the City and the Contractor cannot agree to the substitution of the Contractor's Representative, the City may terminate this Agreement.

II. CITY RESPONSIBILITIES

The City will:

A. Provide full information to the Contractor regarding the City's requirements for the Contractor's services under this Agreement. The City will furnish the Contractor with copies of data and information in the City's possession needed by the Contractor at the Contractor's request.

B. Designate Tom Taggart, Executive Director of Public Services as the City's authorized representative to act on the City's behalf with respect to this Agreement. The City will examine all documents and information submitted by The Contractor and promptly render responses to The Contractor on issues requiring a decision by the City. The City will provide this information and render decisions expeditiously for the orderly progress of The Contractor's services.

C. Provide access to and make all necessary provisions for The Contractor to access City personnel and to enter public facilities including access to all warehouse facilities and private property as required for The Contractor to perform its services under this Agreement.

D. For one Contractor employee, provide office space and internet access, user login, training and appropriate access to Tyler-Munis Software and Maximo Software.

E. Attend a monthly meeting with the City (to include the three (3) Managers and/or Assistant Directors, as appropriate) to address upcoming project updates so future material needs can be met.

F. Attend a quarterly warehouse user meeting to evaluate Contractor's performance.

G. Provide a monthly inventory and usage report by item for all City warehouses.

H. Ensure that warehouse technicians receive, stock, and prepare materials for the City crews.

I. Provide authorization to the Contractor to reorganize yard/warehouse racking, shelves, and layout to increase warehouse efficiency.

J. Provide authorization to the Contractor to propose procedure, software, and process improvements to increase warehouse efficiency.

K. Bear all costs incidental to this Article.

III. ADDITIONAL SERVICES AND PROJECT ASSUMPTIONS

A. Since the Contractor's compensation is a fixed fee for its services, including minor deviations from those described in this Agreement, compensation to the Contractor for Additional Services will only be for substantial deviations from the scope of services described in Section I of this Agreement. The Contractor will submit a written estimate of fees to the City and obtain the City's authorization before initiating any additional services.

B. Each material change (deletion or addition) in the services to be provided by the Contractor must be authorized by the City on the Authorization of Change in Services form attached to this Agreement as Exhibit B. Compensation for additional services will be in addition to that specified for Basic Services in accordance with Section of this Agreement. The approval of the San Marcos City Council is necessary for all additional services the compensation for which exceeds \$50,000.00.

C. Both the City and the Contractor understand that the Contractor will not be responsible for providing its own labor to receive, stock and prepare materials for the City crews in the warehouses.

IV. BASIS OF COMPENSATION

A. BASIC SERVICES:

The total of all fees and expenses to be paid to the Contractor for the satisfactory performance of Basic Services as described in herein is an annual not-to-exceed fee of ~~\$90,000~~ **\$102,000.00**. The Contractor will charge the City a flat rate of ~~\$7,500.00~~ **\$8,500.00** per month for the services provided by Toby Melcher and will submit invoices on a monthly basis at this set rate for the term of the Agreement.

