



Strategic Consulting Group

11 Grace Avenue, Suite 308
Great Neck, New York 11021
Phone: (516) 487-9815
rtortora@capmark.org

To: Donna Gayden
City Manager, City of Long Beach
From: Richard Tortora
Margaret Guarino
Re: Strategic Consulting Services Proposal
Date: May 28, 2020

At your request, I prepared the following proposal for ongoing strategic consulting services to be delivered to the City of Long Beach, New York (the "City") by CMA's Strategic Consulting Group ("SCG").

A. FISCAL CONDITIONS ANALYSIS

The Fiscal Conditions Analysis (the "Analysis") will provide valuable information on the current state of the City's finances, seek to identify the root causes of structural imbalances and provide information to allow SCG to update the Annual Fiscal Analysis.

In connection with the Analysis, SCG's services will include the following:

- 1) Prepare a written Fiscal Conditions Analysis to evaluate:
 - a) Environmental factors, including but not limited to, community needs and resources, economic development activities, property value trends, intergovernmental constraints, disaster risk and an assessment of local and national economic conditions.
 - b) Organizational factors, including but not limited to, management practices, departmental structures, applicable local, State and Federal fiscal policies and timeliness of financial reporting.
 - c) Current financial conditions, including but not limited to, revenues, expenditures, fund balance, debt obligations, capital improvement needs, unfunded liabilities, pending claims and litigation, capital improvement needs and cash flow requirements.
- 2) Collect and analyze applicable financial reports, plans and budgets and develop financial measures and ratios;
- 3) Establish and distribute a tentative project timeline and framework;
- 4) Assess supporting data to identify reporting or operational deficiencies;
- 5) Identify key fiscal trends;
- 6) Evaluate real property tax and debt capacity;
- 7) Collect financial and operational data on peer jurisdictions and develop internal and external benchmarks;
- 8) Evaluate credit rating factors and develop short and long-term rating strategies;

- 9) Prepare a written plan in a succinct manner which is graphically compelling for public consumption and clearly delineates fiscal and operational findings;
- 10) Work collaboratively with City staff to discuss project progression and direction;
- 11) Provide regular written progress updates;
- 12) Participate in City Board meetings, as requested, and;
- 13) Develop performance measures to annually assess fiscal conditions

Dedicated On-Site SCG Personnel During the course of the Analysis, SCG personnel will be at City Hall as needed to work with City personnel.

B. STRATEGIC ANNUAL FISCAL ANALYSIS

Subsequent to the Fiscal Conditions Analysis, the SCG will prepare and deliver a forward-looking Annual Fiscal Analysis. The Plan will include various strategies and is intended to expand upon the Analysis. SGC's services with respect to the Plan would include the following:

- 1) Continued review of operations, existing and future debt, elimination of any structural deficits, efficiency and management practices;
- 2) Integrate the budget and financial forecasting into the budget process;
- 3) Assess of key variables and trending of the historic data for forecasting purposes;
- 4) Analyze key drivers and risk measurements;
- 5) Communicate objectives, findings and recommendations with City officials and staff;
- 6) Develop performance measurements to annually test and assess fiscal progress of the Plan;
- 7) Prepare a comprehensive credit rating strategy;
- 8) Conduct a sensitivity analysis of the City's annual Operating Budget in all major funds;
- 9) Evaluate actual payroll, including regular payroll, overtime, emergency and benefits;
- 10) Perform a benchmark and forecast analysis relative to increasing service fees charged by the City;
- 11) Analyze revenue enhancement, while identifying potential revenue increases and, if applicable, developing a related progressive rate structure;
- 12) Identifying potential cost reduction areas within the City's Operating Budget;
- 13) Assist with the implementation of Plan recommendations, and;
- 14) If applicable, provide grant procurement services relative to Plan recommendations.

C. ADDITIONAL SERVICES

During the course of this engagement, in addition to its work on the Fiscal Conditions Analysis and Annual Fiscal Analysis, SCG personnel will provide the following services:

- 1) Work closely with the City Comptroller, while reporting directly to the City Manager, to restructure the City's daily money-management and financial problem-solving approach, in order to (a) optimize ROI on individual transactions and (b) build the foundation for financial stability in the near term, and growth in the long-term.
- 2) Evaluate minor and large-scale transactions from the perspective of a credit-rating agency, while balancing the need to provide essential government/municipal services to residents and cash flow considerations.
- 3) Recognize short-term and long-term investment opportunities that may otherwise go unnoticed by accountants/auditors and provide the finance "counterpoint" in situations where opportunities are identified but disregarded due to other pressing, financial concerns;
- 4) Participate in regular meetings with all major department heads and DPW Division leaders, as needed, to evaluate emergency and routine transactions and review solutions to problems and the City's approach to future problems in a manner that stresses financial conservation.
- 5) Help determine the optimal financing "mix" for large scale transactions, e.g., cash from operating budget, borrowing (capital plan), grants, etc. and develop detailed plans, with benchmarks, to help key personnel follow-through on objectives.
- 6) Together with the City Manager, SCG will prepare a written report for the City Council on a quarterly basis that provides an update on the status of SCG's activities for the prior quarter.

Grant Funding Opportunities

CMA will actively seek ways to mitigate the cost of its Strategic Consulting Services to the City. In connection with this engagement, the SCG will review potential grant opportunities in an effort to effectively reduce the cost of our service to the City. If the SCG identifies a grant opportunity that fits the scope of this engagement, it will present the opportunity to the City and discuss how it could be pursued.

If the SCG identifies grant opportunities with respect to the implementation of SCG plan recommendations, the opportunity will be presented to City officials. If requested by the City, the SCG may be engaged to assist the City to apply for such grants.

D. COMPENSATION

In consideration for the SCG's services rendered as outlined above, CMA will be compensated via a monthly retainer of ten thousand (\$10,000) dollars, payable the 15th day of each month commencing on June 15, 2020, continuing for eleven (11) additional, successive months, and concluding on May 15, 2021.

In addition to the above noted fees, CMA would seek reimbursement, at its cost, for its out of pocket expenses including overnight delivery, printing, postage and travel.

E. ENGAGEMENT COMMENCEMENT DATE AND TERM

Ongoing Engagement

The SCG would continue its work on this engagement through the end of May 2021.

Term

The term of this agreement is twelve (12) months from the date hereof.

Renewal Option

This Agreement is renewable by City for two, additional, one-year terms, at its option, exercised in writing and sent to CMA at its offices in Great Neck.

Please evidence your consent to the terms of this agreement by signing below and returning a copy of this agreement to me at my office in Great Neck at your earliest convenience. We look forward to continuing our relationship with you and the City of Long Beach.

Reviewed and agreed to this ____ of _____, 2020.

Capital Markets Advisors, LLC



Richard Tortora
President

Signature

Donna Gayden
City Manager