



WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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CM/ACM
 Finance mm
 DA DWV
 Risk Mgt. DE
 HR
 Other _____

STAFF REPORT
BOARD MEETING DATE: May 24, 2016

DATE: April 29, 2016
TO: Board of County Commissioners
FROM: John Listinsky, Director of HR/Labor Relations
 775-328-2089, jlistinsky@washoecounty.us
THROUGH: Joey Orduna Hastings, Assistant County Manager
SUBJECT: Recommendation to approve a professional services agreement for maintenance of the County's classification and compensation system between Hay Group, Inc. and Washoe County retroactive to May 1, 2016 to December 31, 2017 for [\$165,000], and authorize the Director of Human Resources/Labor Relations to execute agreement. (All Commission Districts.)

SUMMARY

The current job evaluation methodology has been used by Washoe County since 1999; however, critical cyclical reviews have been delayed due to budget and staffing constraints. Through this professional services agreement, Hay Group will begin a full cycle review in addition to analyses of individual departments' organizational structures from a succession planning perspective. The agreement has a retroactive date due to coordination issues between Human Resources and Washoe County departments.

Washoe County Strategic Objective supported by this item: Valued, engaged employee workforce.

PREVIOUS ACTION

Since March 2001 when the Board approved the classification and compensation plan and introduced the first reading of an Ordinance amending the Washoe County Code by changing provisions relating to the classification system and establishing the Job Evaluation Committee, Human Resources has come before the Board many times regarding Washoe County's classification and compensation system.

Most recently, the Board acknowledged a presentation on the Washoe County classification and compensation system and the role of Hay Group in March 2013. Key issues included the slow recovery of the economy, the Affordable Care Act, succession planning, and employee engagement.

BACKGROUND

Washoe County has been using the Hay Group's job evaluation methodology as its classification system since 1999. Attachment A includes a complete history of the classification and compensation program and was presented to approximately 100 department and division heads and their management staff on April 4, 2016 by Hay. Topics included a brief history of the County classification program and next steps, aligning to Washoe County strategic objectives, and the benefits of job evaluation in terms of organizational analysis, succession planning and career development. Job Evaluation is a systematic process for ranking jobs logically and fairly by comparing job against job or against a pre-determined scale to determine the relative importance of jobs to an organization.

As with any classification and compensation system, cyclical review is critical in making sure jobs are being evaluated correctly and consistently. Best practice tells us this type of maintenance should occur annually, with a full cycle of review occurring every five to eight years. Due to budget and staffing constraints over the past ten years, this is the first time since the implementation of the Hay methodology that funding has been available to begin a full review.

In addition to beginning the cyclical review of key jobs, Hay Group will be meeting with department heads to provide organizational structure analyses of their individual departments. This will include identifying potential gaps or overlapping of accountabilities from a succession planning perspective.

FISCAL IMPACT

The appropriation authority for this \$165,000 agreement can be found in Human Resources' approved FY 15/16 and FY 16/17 budgets (cost center 109100 – 710100).

RECOMMENDATION

Recommendation to approve a professional services agreement for maintenance of the County's classification and compensation system between Hay Group, Inc. and Washoe County retroactive to May 1, 2016 to December 31, 2017 for [\$165,000], and authorize the Director of Human Resources/Labor Relations to execute agreement.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

“Move to approve a professional services agreement for maintenance of the County's classification and compensation system between Hay Group, Inc. and Washoe County retroactive to May 1, 2016 to December 31, 2017 for [\$165,000], and authorize the Director of Human Resources/Labor Relations to execute agreement.



LEADERSHIP PRESENTATION AND DISCUSSION

Washoe County

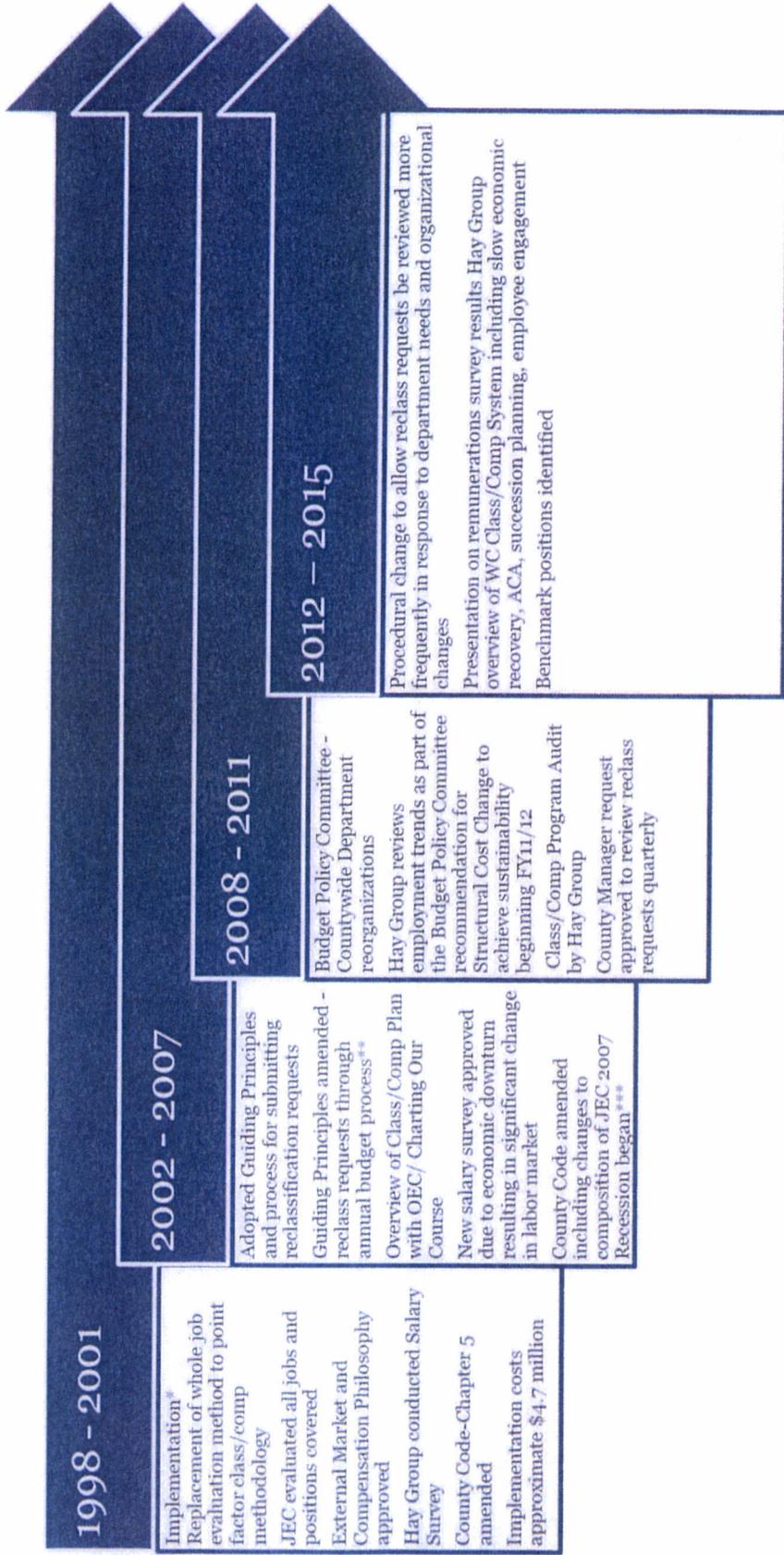
APRIL 4, 2016

AGENDA FOR TODAY

- 1 History and Current Work with Washoe County**
- 2 Strategic Priorities for Washoe County**
- 3 Merits of Job Classification & Job Evaluation**
- 4 Working with Hay Group**

HISTORY AND CURRENT WORK WITH WASHOE COUNTY

HISTORY AND CURRENT WORK WITH WASHOE COUNTY

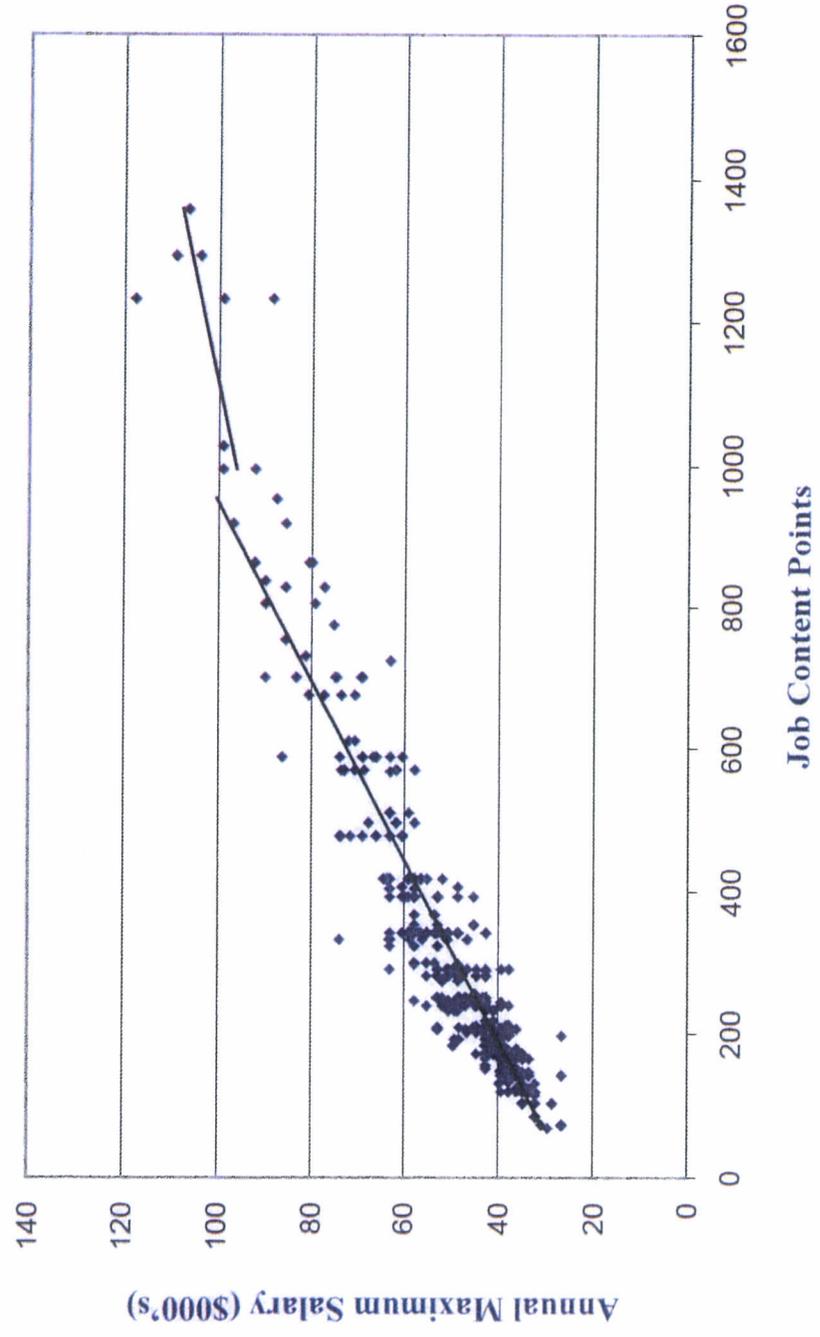


*Included buy in of employees, labor associations, elected officials, business leaders.

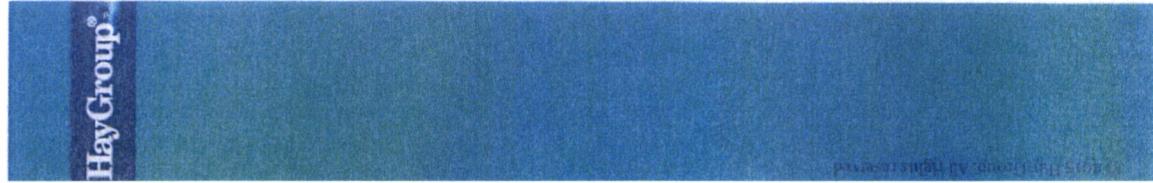
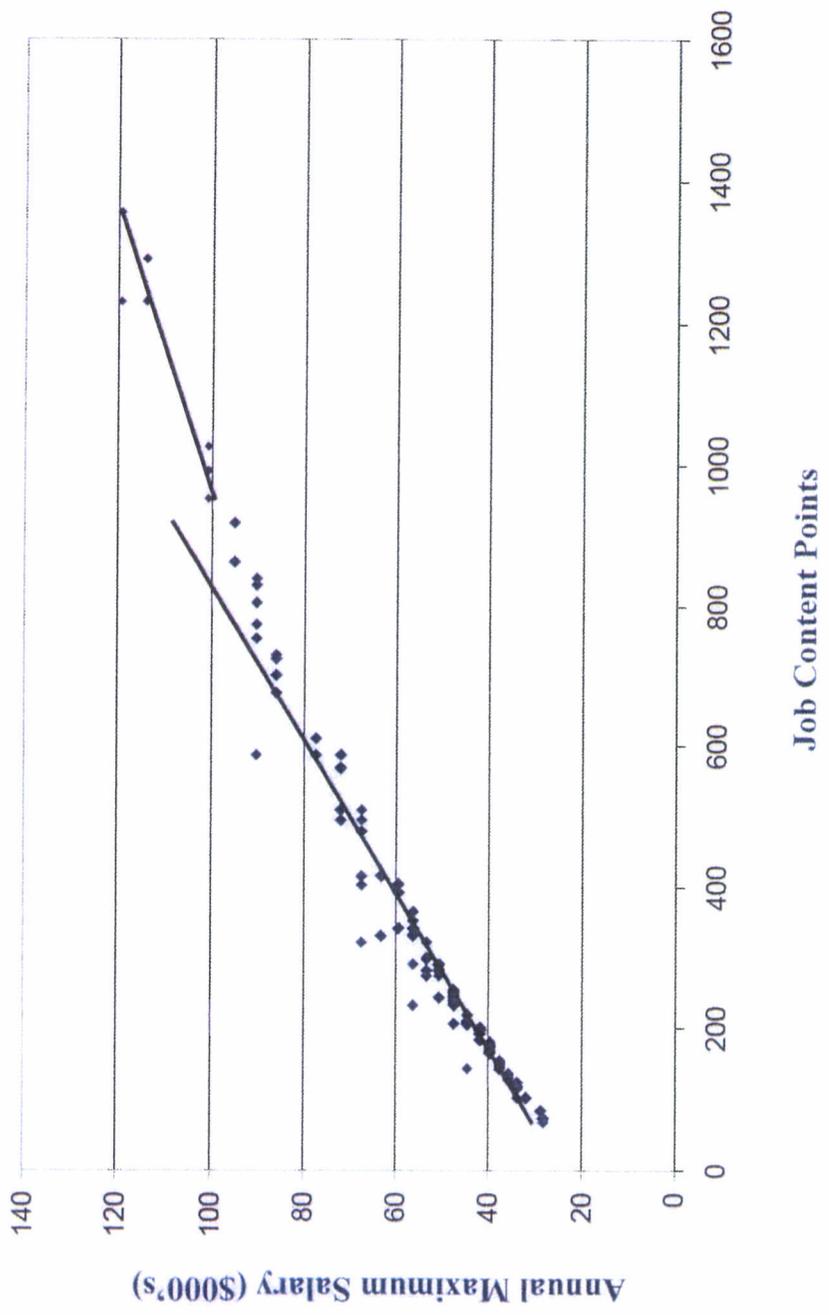
**Revenue downturn as a result of the 3% tax cap approved by the 2005 Legislature (AB489).

***Global economic recession affected key economic sectors and restructured local sales and property tax base requiring a significant correction in the trajectory of expenses. Departments reduced costs by approximately \$10m including reorganization of duties and services, and negotiated separation incentives.

BEFORE - INTERNAL EQUITY ANALYSIS



AFTER - IMPACT OF ADOPTION OF GRADE AND SALARY STRUCTURE ON INTERNAL EQUITY



CURRENT AND FUTURE ENGAGEMENT

2012 – 2015

Procedural change to allow re-class requests be reviewed more frequently in response to department needs and organizational changes

Presentation on remunerations survey results Hay Group overview of WC Class/Comp System including slow economic recovery, ACA, succession planning, employee engagement-2012

Benchmark positions identified

2016 – Ongoing (Proposed)

Hay Group to conduct Job Evaluations for 50 benchmark positions quarterly and present evaluation results to JEC.

Implementation of new Job Evaluation tracking system “JEM”

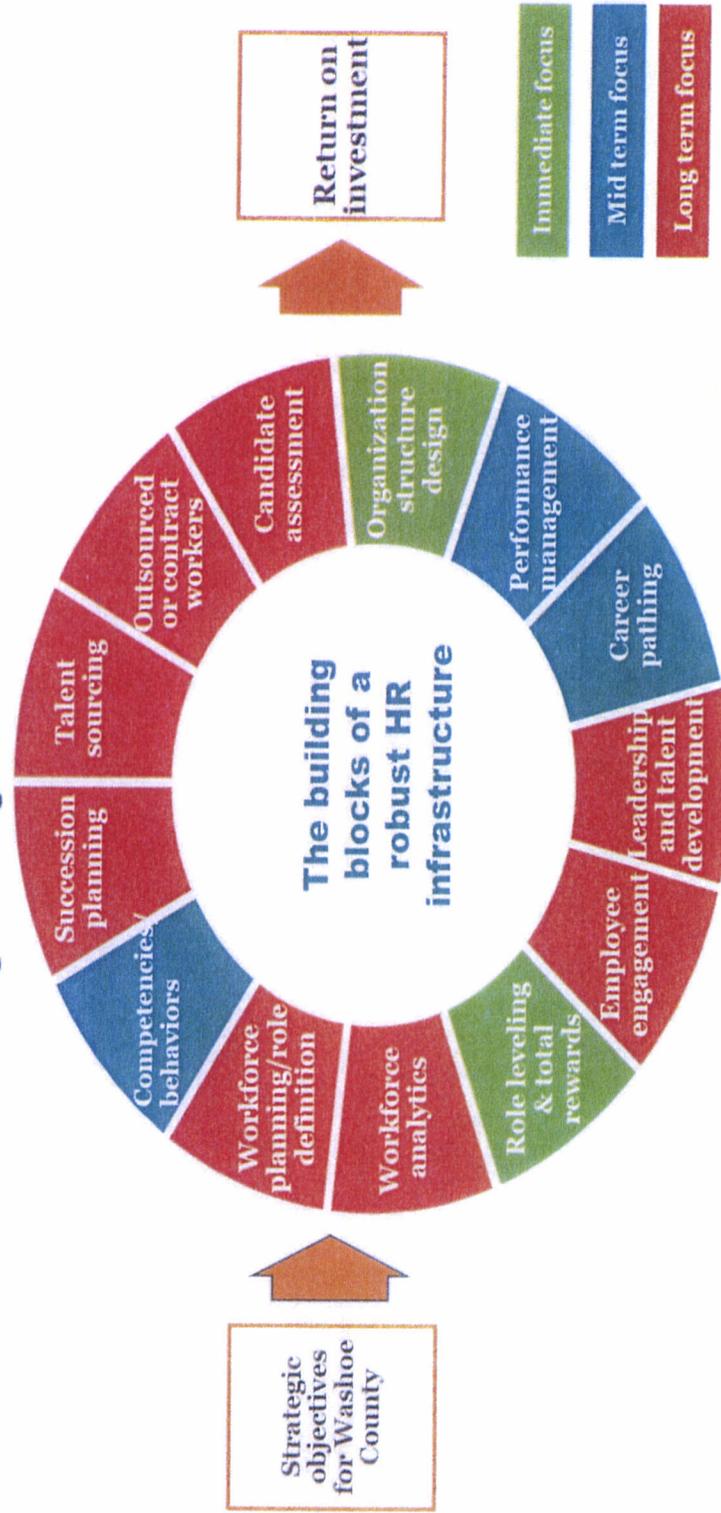
Hay Group to conduct organizational structure audits and salary structure updates

STRATEGIC PRIORITIES FOR WASHOE COUNTY

HOW DOES OUR ENGAGEMENT ALIGN WITH YOUR OVERALL TALENT FRAMEWORK?

Hay Group believes in an integrated approach towards talent management. The framework below highlights potential areas of focus, and we want to ensure that you achieve the return on investment on initiatives and projects that you undertake, by keeping all these varied elements in mind.

Integrated Alignment Process



**WHAT IS OUR JOB EVALUATION METHOD AND
HOW DOES IT HELP WASHOE COUNTY?**

WHAT IS HAY GROUP JOB EVALUATION?

- Job Evaluation is a **systematic process for ranking jobs logically and fairly** by comparing job against job or against a pre-determined scale to determine the **relative importance** of jobs to an organization
- Which is to say that Job Evaluation:

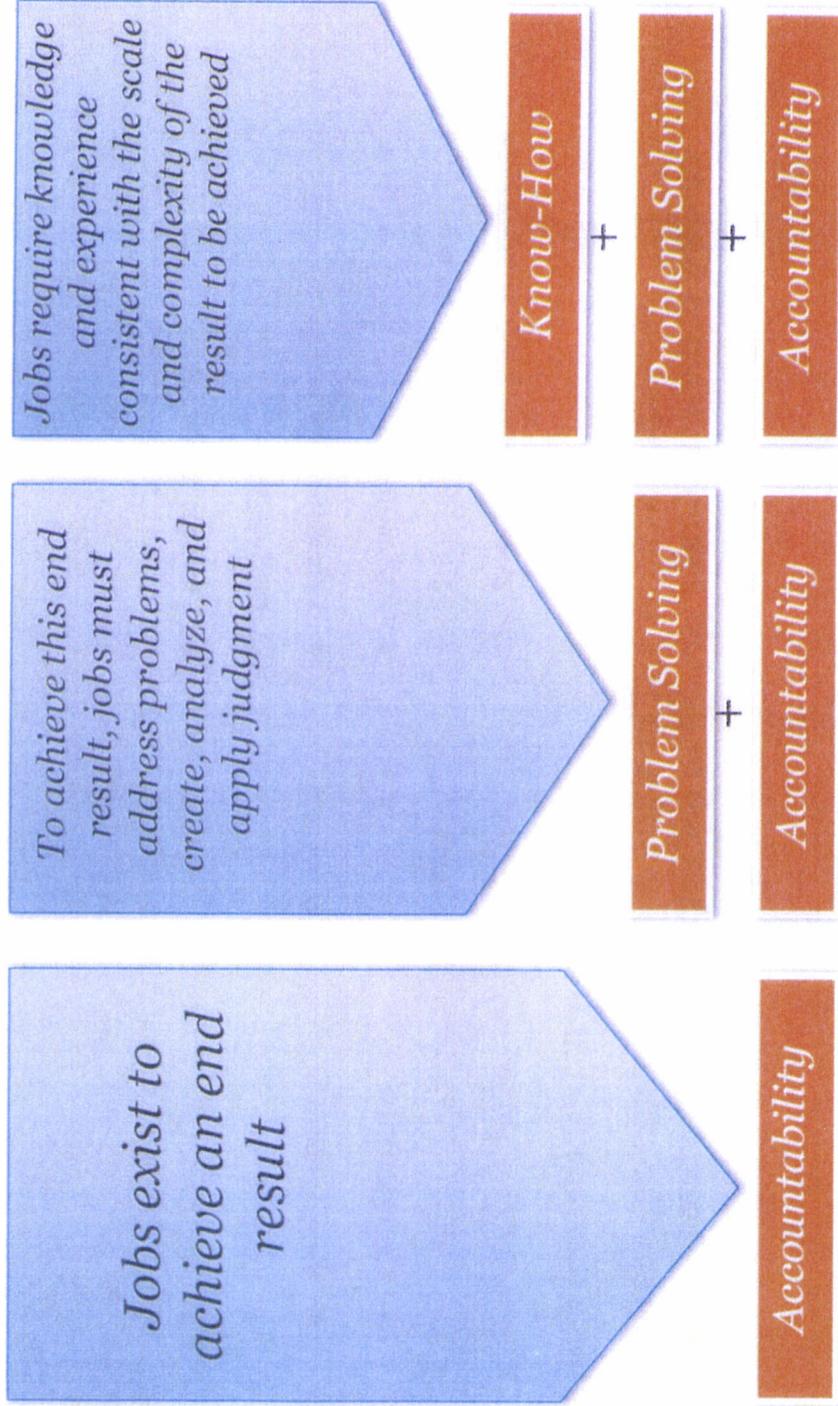
Is...

- Comparative
- Judgemental
- Logical
- Job centred

Is not...

- Absolute
- Unstructured
- Scientific
- Person focused

HAY GROUP JOB EVALUATION FACTORS

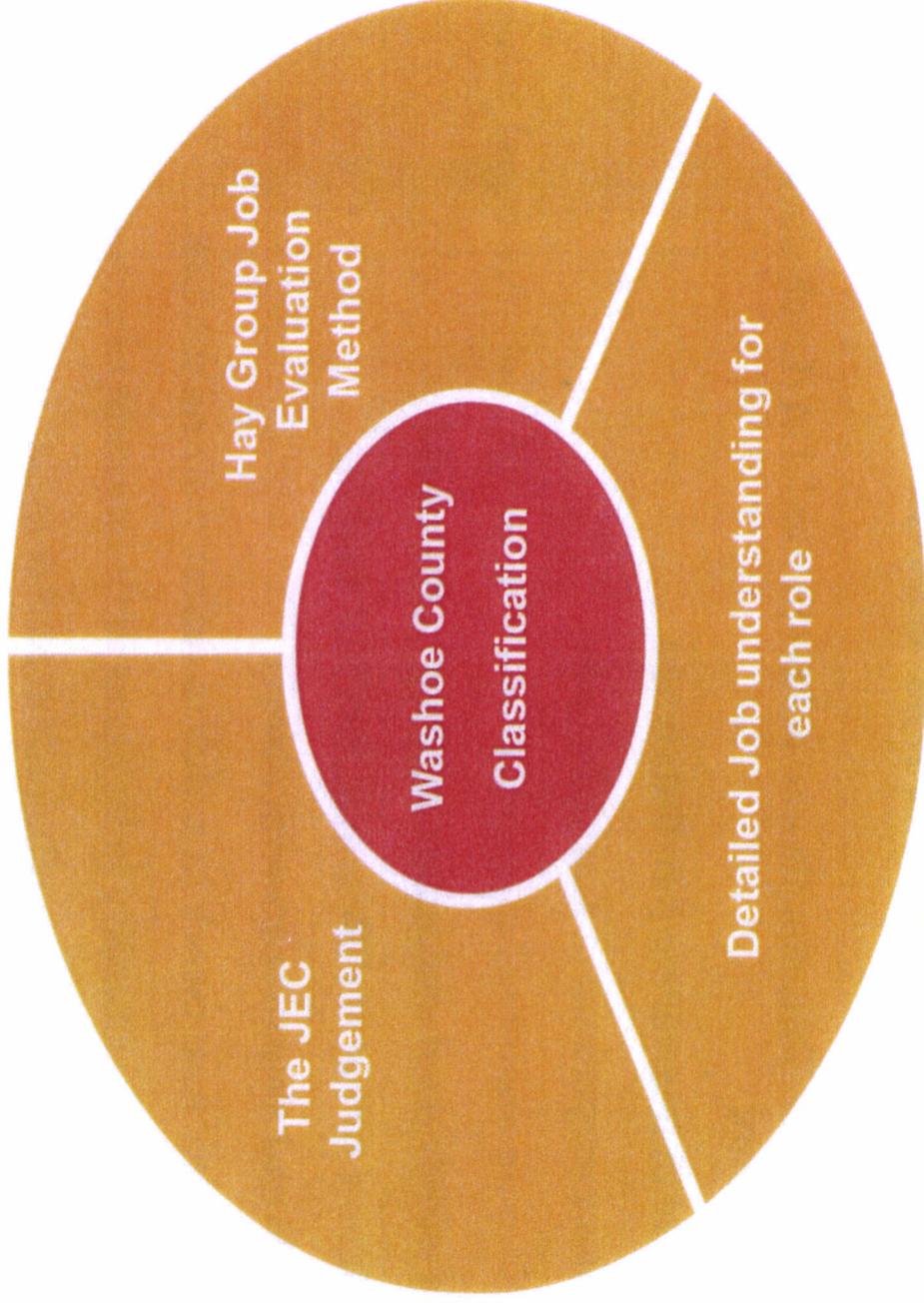


Three universal job factors determine the relative size of jobs

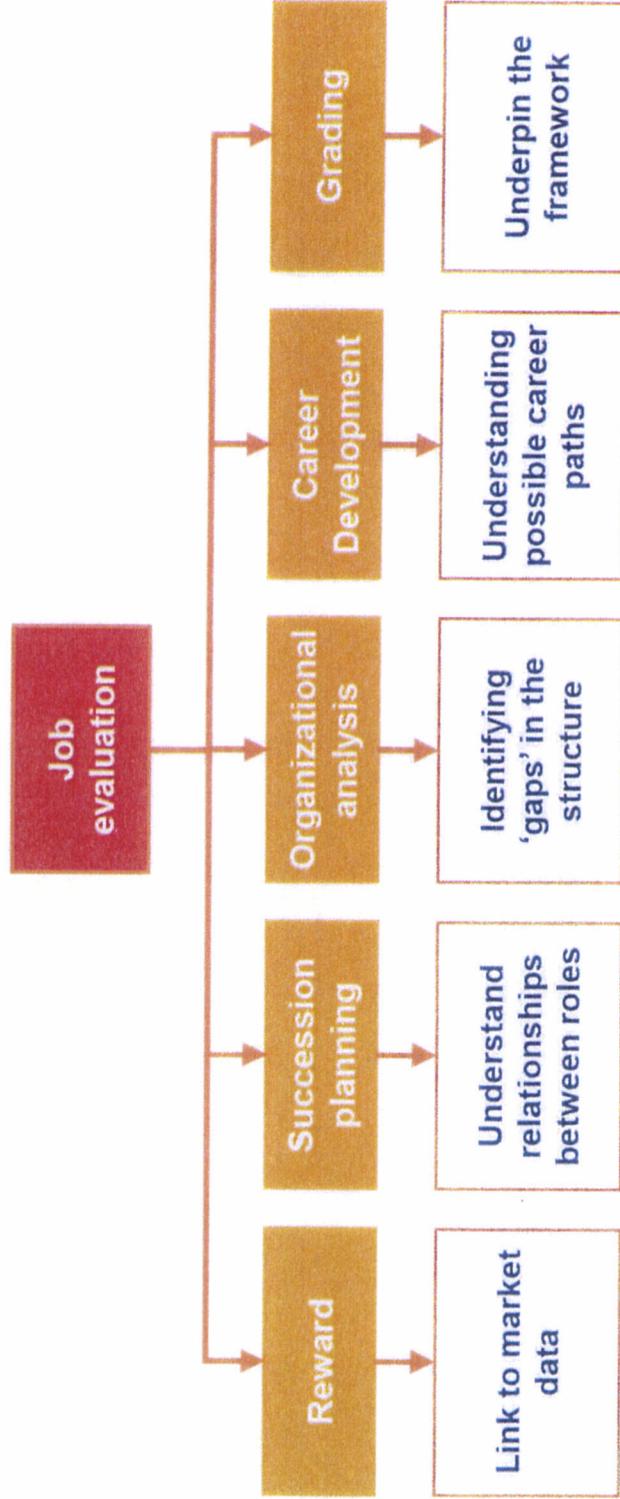
ADVANTAGES WITH THE HAY GROUP METHOD OF EVALUATION

- Based on a credible, simple and coherent model of the characteristics of different levels of work
- Sensitive in measuring job differences
- Enables comparison of dissimilar jobs
- Provides an analytical method which, in principle, satisfies equal value law
- Most widely used evaluation method in the world
- Provides a rating of differences, not just ranking
- Flexible and able to cope with change
- A 'value free' framework in which to reflect your relativities
- Recognizes the criticality to business of the concept of accountability
- Recognizes and assesses job content and context

THE METHOD AS PART OF A WIDER PROCESS



APPLICATIONS FOR JOB EVALUATION



ABOUT HAY GROUP

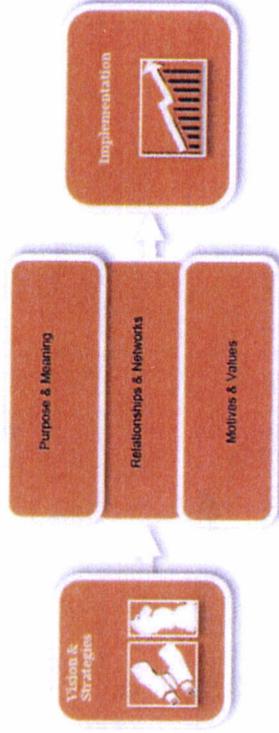
ABOUT HAY GROUP

We help organizations across the globe get their people strategy right and achieve their objectives

Who is Hay Group?

	Established in 1943 in Philadelphia		86 offices in 49 countries		4,000 employees worldwide		Over 10,000 clients worldwide		Invests US\$9m per annum in research and development
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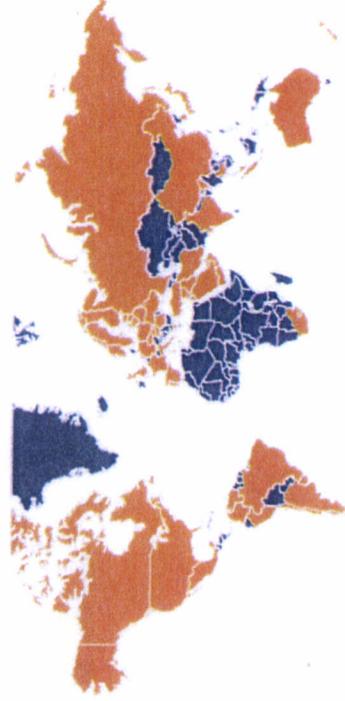
Industry experts in Transformation



4 Areas of Expertise



Local survey specialists, everywhere



HAY GROUP AND THE PUBLIC SECTOR

1. We understand your issues

2. We understand work

1. Work is performed in different contexts and cultures
2. We are the world leaders in job evaluation and classification

3. We understand reward and options for creating compensation opportunity and delivery mechanisms

4. We understand the importance of each key stakeholder's ownership

5. We will partner with you to provide results that are

1. Timely
2. Cost-effective
3. Value-added

6. We have experience and have a proven track record in consulting in the Public Sector locally and throughout the USA

7. We produce implementation-oriented recommendations

WHOM DO WE WORK WITH?

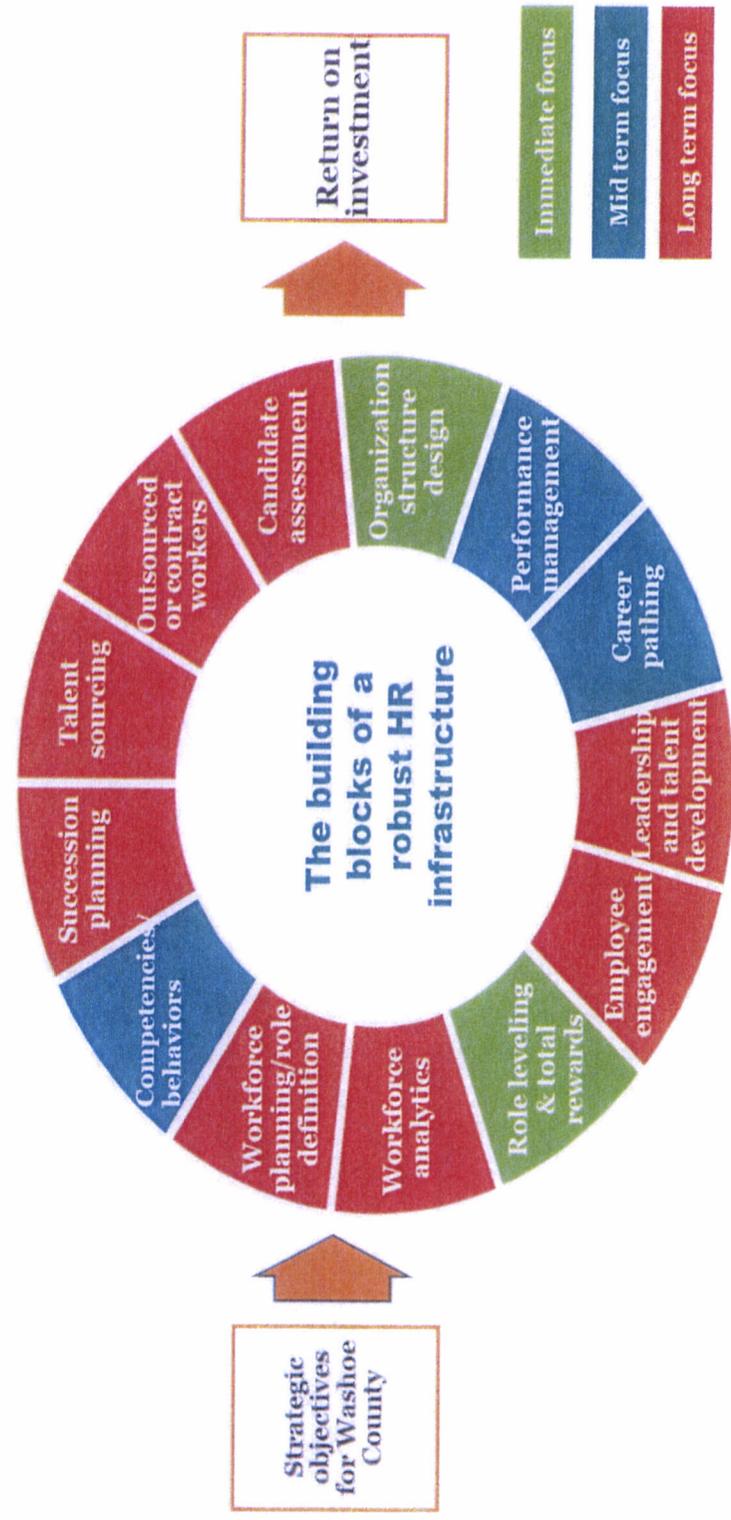
We provide a full range of human resources consulting services to the Public and Private sectors. A sample of our clients for whom we have done reward work:

- City of Farmington
- City of Long Beach
- City of Los Angeles
- City of Santa Monica
- City of Walnut Creek
- Arlington County
- Coconino County
- Cook County
- County of Los Angeles
- County of Midland
- County of Orange
- County of Saginaw
- County of Santa Clara
- DuPage County
- Gila County
- Johnson County
- Kootenai County
- Maricopa County
- Navajo County
- Pinal County
- **Washoe County**
- Yellowstone County
- Yuma County
- Salt Lake County
- Government of Guam
- Kootenai County
- State of Idaho
- Idaho AOC
- State of Utah
- State of Wyoming
- State of New Mexico
- State of Oklahoma

The current economic climate makes our work even more important.

THEREFORE, WE CAN HELP WASHOE COUNTY STRENGTHEN ALL THE ELEMENTS BELOW

This helps the County save cost, time and resources, as well work with a us as a strategic partner that has strong institutional knowledge of what works within the culture of the organization.



QUESTIONS



LETTER OF ENGAGEMENT

PRIVATE AND CONFIDENTIAL

22nd April 2016

John Listinsky
Director
Washoe County HR & Labor Relations
1001 E. Ninth St., Bldg. A, Reno, NV 89512

Hay Group, Inc.
Suite 550, 55 Second Street
San Francisco, CA 94105,
USA
tel +1.415.644.3700
www.haygroup.com

RE: Organizational analysis and job evaluation for Washoe County

Dear John,

We appreciate the opportunity to assist Washoe County with your organizational analysis and job evaluation. This letter of engagement sets forth our understanding of your needs and the terms and conditions on which our services will be rendered. Hay Group, USA may be referred to as "Hay Group," "we", "our" or "us". Washoe County may be referred to as "Washoe County," "you," or "your." This letter of engagement, including the Attachments, forms the agreement (the "Agreement") under which we will work together.

Hay Group will provide the professional services described in Attachment 1 (the "Services"). Aditya Mahajan will lead the relationship with Washoe County, and Stephen McGillivray will manage the delivery of this project, as per schedule and scope. We may include other consultants, as needed, to assist in the provision of the Services.

If this Agreement accurately describes the terms of our engagement, please have an authorized representative of Washoe County sign and return the entire Agreement to me at aditya.mahajan@kornferry.com. Our receipt of this Agreement signed by you authorizes us to proceed with our Services.

Hay Group appreciates the opportunity to be of service to Washoe County. If you have any questions now or during our engagement, please call me at 949.396.8979.

Sincerely,

HAY GROUP INC

Aditya Mahajan

Accepted by:

Washoe County

HAY GROUP INC

By: John Listinsky

By: Aditya Mahajan

Name:

Name:

Title: Director, Washoe County HR & Labor Relations

Title: Senior Consultant

Date:

Date:

ATTACHMENT 1 SCOPE OF SERVICES

Our Understanding of Your Needs

To level up to 150 roles at Washoe County and provide grade and organizational analysis.

Our Response to Your Needs

Hay Group will assist Washoe County in levelling up to 150 unique roles using our Job Evaluation method. Upon approval from the Washoe County HR Team, we will provide organizational analysis and grade structure recommendations, to assist Washoe County in making informed decisions about any future structural changes.

The project will be delivered through our office in San Francisco, to ensure local representation and overall alignment with previous work.

Outline of Project

The project steps are as follows:

1. Hay Group will work jointly with the Washoe County HR team and the Job Evaluation Committee (JEC) to get an approved list of up to 150 roles for evaluation. We understand that some of these roles have already been agreed upon in 2014/15, and we will look to add to that list, especially adding the Department and the Division heads.
2. The Washoe County HR team and the Job Evaluation Committee (JEC) will provide Hay Group with the following information for those 150 roles:
 - a. Approved job descriptions for each job
 - b. Current department/division structures covering each job
 - c. Any financial information as requested by Hay Group, specific to these roles
3. Hay Group will conduct up to 10 executive interviews with Department Heads, for a duration of 60-90 minutes each, to discuss the benchmark roles under their areas of work. In case they are unavailable to meet in person, we may conduct telephonic interviews, in the interest of time and schedule.
 - a. Alternatively, Washoe County HR team may schedule up to 3 consecutive days of our consulting time to conduct interviews, with each interview between 60 to 90 minutes of duration, and at least a 30 minute break between interviews. The latter option gives Washoe County an opportunity to schedule additional interviews, in case you'd like to cover more incumbents.
 - b. We foresee this exercise to cover a majority of the organization, with the remaining departments/divisions to be covered under a subsequent project, if required, in 2017.
4. Hay Group will independently evaluate these 150 roles, and will provide our feedback to the Washoe County HR team for opinion. We will present the results to the Job Evaluation Committee (JEC) for their feedback and approval.
5. Hay Group will upload all of these evaluations into the Job Evaluation Manager (JEM), which has already been purchased by Washoe County.
6. Upon approval, Hay Group will conduct an organizational structure analysis, which will cover the following elements:
 - a. Observations regarding potential gaps in the areas covered, from an accountability and succession planning perspective
 - b. Observations regarding overlaps in accountabilities in the areas covered, from an accountability and succession planning perspective
 - c. Recommendations regarding adjustments to the existing grade/classification structure, and the case for change (if any)
7. Hay Group will provide this organizational analysis in the form of a report to the Washoe County HR team.
8. The aforementioned step will mark the end of this project, and we will discuss the following for a subsequent scope of work for 2017/18:
 - a. Departments/roles to be covered, which were not discussed under the current scope of work
 - b. Implementation support to move to a modified grade/classification structure
 - c. Impact on reward and compensation due to any changes to the existing classification structure

Deliverables

1. Evaluations for up to 150 roles at Washoe County
2. Organizational analysis report covering span and gap analysis, and grade/classification structure recommendations

THIS AGREEMENT DOES NOT INCLUDE AN INTELLECTUAL PROPERTY LICENSE TO HAY GROUP'S INTELLECTUAL PROPERTY. USE OF HAY GROUP'S INTELLECTUAL PROPERTY REQUIRES THE EXECUTION OF A SEPARATE INTELLECTUAL PROPERTY LICENSE AGREEMENT.

Dates

Start date: 1 May 2016

Anticipated completion date: 31 December 2017

Professional Fees and Expenses

- The professional fees for the Services are **\$165,000**. All professional fees are non-contingent and non-refundable unless specifically stated otherwise in this Agreement. Professional fees will be billed 50% upon execution of this contract, 30% upon the presentation of the first draft of the 150 evaluations and the remaining 20% upon presentation of the organization analysis report.
- For this project, we have budgeted up to 8 days of travel to Washoe County. Any additional travel will be charged at **\$6,000** per consultant, and will be incurred upon the approval of Washoe County.
- Direct out-of-pocket expenses including travel, lodging, and video-conferencing, will be billed to Washoe County on a monthly basis, as incurred.

Rescheduling or Cancelling

Hay Group will schedule and commit personnel and resources to provide the Services. Hay Group understands that Client's business conditions may change; however, rescheduling or cancelling on short notice impacts Hay Group's business and its ability to provide outstanding service to all of its clients. Client may reschedule or cancel the provision of Services by paying the following fees in addition to the associated fees for any Services rendered. These fees are reflective of the lost bookings for Hay Group for the time scheduled for the team leader, team members and other resources, and are not penalties.

1. If rescheduling or cancelling more than 20 business days before the scheduled program, meeting or session, Client will pay the Actual Expenses (defined below) incurred as a result of the rescheduling or cancellation.
2. If rescheduling or cancelling 20 or fewer business days before the scheduled program, meeting or session, cancellation/rescheduling fees will be calculated based on the number of business days' notice provided as shown in the table below, plus Actual Expenses incurred.

Length of Program:		Less than 1 day	1-2 days	3-5 days
Notice from client (business days)	16-20	0	0	25%
	11-15	0	25%	50%
	6-10	0	50%	75%
	3-5	50%	75%	75%
	Less than 2	100%	100%	100%

"Actual Expenses" means amounts Hay Group pays to others in anticipation of the Services (e.g., hotels, airlines) that Hay Group cannot recover on its termination of the bookings. Hay Group will invoice Client for any additional penalties or fees incurred due to changes or cancellations. Hay Group will charge Client for costs incurred for any materials Hay Group prepares (e.g., for events, workshops, meetings) if the engagement is not rescheduled within two months of the original date.

Billing Information

Invoices will be sent to the following address:

Company:	Washoe County
Address:	1001 E. Ninth St., Bldg. A, Reno, NV 89512
Address:	
Attn (Name, Title):	John Listinsky
Email, Phone:	775-328-2078

Accounts Payable Contact:

Company:	Washoe County
Address:	1001 E. Ninth St., Bldg. A, Reno, NV 89512
Address:	
Attn (Name, Title):	John Listinsky
Email, Phone:	775-328-2078

Purchase Order Number (Check the appropriate box):

- PO Number required on invoice. PO # INSERT
- PO Number *not* required on invoice.

**ATTACHMENT 2
GENERAL TERMS AND CONDITIONS**

1. Hay Group's Responsibilities. Hay Group will perform the Services in a competent and professional manner and in accordance with generally acceptable industry standards. Hay Group may remove and replace any of its resources performing the Services; any resource removed will be replaced by a resource of comparable training and experience.

2. Client's Responsibilities. Client will timely provide Hay Group with the documentation, information, access to its personnel and the cooperation Hay Group reasonably requires to provide the Services. Client will not use the Services, New Materials, or Hay Group Materials (defined below) as the sole source for any employment action relating to any of its employees or candidates.

3. Taxes.

a. Client will be responsible for all applicable taxes (excluding taxes imposed on Hay Group's net income) imposed by any taxing or governmental authority, whether designated as value-added (VAT), sales, use, or other similar taxes, including any penalties or interest thereon (together "**Transaction Taxes**") now in effect or hereafter imposed or based upon or resulting from the fees arising pursuant to this Agreement. If Client is exempt from Transaction Taxes, Client must inform Hay Group of its exemption and provide to Hay Group complete and proper documentation evidencing the exemption.

b. If Client is required by applicable law to deduct or withhold taxes from any payment due to Hay Group, Client will: (i) withhold the legally required amount from payment; (ii) remit the withheld tax to the applicable taxing authority; and (iii) within sixty (60) days of payment, deliver to Hay Group original documentation or a certified copy evidencing remittance of withheld tax. If Client does not provide evidence of payment of withheld taxes, Client will reimburse Hay Group for the tax withheld from payment to Hay Group. Client will comply with all applicable law, including income tax treaties and protocols, in determining the amount of tax to withhold.

4. Representations and Warranties. Each party represents and warrants that: (a) it is duly organized and validly existing under the laws of the jurisdiction of its incorporation or organization, and has full power and authority to perform all of its obligations under this Agreement; (b) the person executing this Agreement on its behalf is duly authorized and empowered to bind the party to this Agreement; and (c) it will comply with all applicable laws in connection with this Agreement. HAY GROUP DISCLAIMS ALL OTHER REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

5. Intellectual Property.

a. Client retains ownership of all materials, and the intellectual property rights in those materials, provided to Hay Group by or on behalf of Client ("**Client Materials**"). Subject to Section 5.b., Client will also own copies of reports and analyses Hay Group delivers to Client under this Agreement ("**New Materials**"). Client may use the New Materials in the form provided for its internal purposes only; Client may not use the New Materials for any other purpose or permit any other person, firm or entity to use the New Materials.

b. The performance of the Services and creation of the New Materials will require the use of Hay Group's materials and methodologies that are considered proprietary, copyright, patent, and trade secret materials ("**Hay Group Materials**"). Hay Group Materials include methodologies, preexisting programs, instruments, models, proprietary information, patents, registered and unregistered trademarks, trade names, trade secrets, copyrights, prototypes, inventions, algorithms, designs, compilations, computer software programs, tools, databases, evaluation guides, report forms, scoring guides, scoring algorithms, scoring instructions, scoring software and norms. Hay Group may customize, modify, translate, or expand Hay Group Materials to apply to Client's unique requirements (collectively, a "**Customization**"). Any Customization will be Hay Group Materials. Hay Group owns Hay Group Materials at all times. Hay Group reserves all rights not expressly granted under this Agreement. Licenses to Hay Group Materials must be procured through a separate license agreement. This Agreement will not be construed as a license to copy, modify, create derivative works from, publish, disclose or otherwise use Hay Group Materials. Client will not download, copy, publish, disclose, create derivative works of, disassemble, decompile or otherwise attempt to reverse engineer Hay Group Materials, nor will Client permit any other person to do so. Client will be liable for all violations of these restrictions by its employees, subcontractors, or agents.

c. If a Customization includes Client Materials, Client grants to Hay Group a non-exclusive, limited, non-transferable license to use the Client Materials solely in connection with the Customization.

Customization.

6. Confidential Information.

a. One party ("Discloser") may disclose Confidential Information to the other party ("Recipient") in connection with this Agreement. "Confidential Information" means all oral or written information concerning a party, including the party's business and business activities (past, present and future), financial information, technical information, customer information, intellectual property, methodologies, strategies, plans, documents, drawings, designs, tools, models, inventions, and patent disclosures, whether or not marked or identified as "confidential," that may be obtained from any source as a result of this Agreement. Confidential Information does not include information, technical data, or know-how that: (i) is or becomes a matter of public knowledge through no fault of Recipient; (ii) was lawfully in Recipient's possession or known by it prior to its receipt from Discloser; (iii) was rightfully disclosed to Recipient by another person without restriction; (iv) Recipient independently develops without use of Discloser's Confidential Information; or (v) Discloser approves in writing for release.

b. Recipient will not use any Confidential Information it receives from Discloser for any purpose other than to perform its obligations under this Agreement. Recipient will not disclose any Discloser Confidential Information to third parties or to its employees, other than employees or third parties who are required to have the Confidential Information to perform obligations under this Agreement and who are bound by confidentiality terms substantially similar to those in this Section. Recipient and Discloser will each be responsible for any breach of this Agreement by its representatives. Recipient will protect Confidential Information from disclosure to others using the same degree of care it uses to protect its own confidential information, but in any case no less than a commercially reasonable degree of care. If Recipient is required by law, regulations, or court order to disclose any of Discloser's Confidential Information, Recipient, where legally allowed, will promptly notify Discloser in writing prior to making any disclosure. Discloser may, at its sole expense, seek a protective order or other appropriate remedy from the proper authority.

c. Upon request, Recipient will destroy Discloser's Confidential Information in its possession, but Recipient may: (i) retain copies of Confidential Information that it is required to retain by law or regulation; (ii) retain copies of its work product that contain Confidential Information for archival purposes or to defend its work product; and (iii) store copies made as part of routine back up of its information technology systems but the Confidential Information must continue to be handled in accordance with this Section.

7. Raw Data. Hay Group will not disclose to Client the raw data, including personal information, Hay Group collects in providing the Services, and upon which the New Materials will be based (the "Raw Data"). Hay Group will use Raw Data to provide the Services and as specified in this Agreement. Raw Data will be handled and used in accordance with Hay Group's Global Privacy Policy, which is available on Hay Group's website and incorporated into this Agreement by reference. Hay Group may archive and use the Raw Data for research, studies, development, benchmarking, statistics, analytics, and to develop, improve, and enhance Hay Group's products and services.

8. Insurance and Indemnification. Washoe County has established specific indemnification and insurance requirements for agreements with consultants to help ensure that reasonable insurance coverage is maintained. Indemnification and hold harmless clauses are intended to ensure that consultants are aware of and accept the responsibility for losses or liabilities related to their activities. Exhibit A, Pages 1-4, is attached and included by reference. All conditions and requirements identified in this Exhibit shall be completed prior to the commencement of any work under this agreement.

Client will indemnify and defend Hay Group, its parent, affiliates, and their respective directors, officers, partners, employees, shareholders and agents and their respective successors and permitted assigns, from and against all third party suits, claims, actions, and proceedings and all related liabilities, losses, judgments, damages, costs and expenses (including interest, penalties, fines, legal fees and other litigation expenses) that are or are alleged to arise from: (a) Client's decision to take any employment action with regard to any individual identified, evaluated, assessed, or coached by Hay Group; or (b) Hay Group's use of Client Materials.

9. Limitations of Liability. EXCEPT FOR A JUDICIAL DETERMINATION OF FRAUD OR WILLFUL MISCONDUCT, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY WILL BE LIABLE TO ANY PARTY FOR ANY INDIRECT, SPECIAL, EXEMPLARY, CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OF ANY TYPE, INCLUDING LOST PROFITS OR BUSINESS INTERRUPTION, RELATING TO THIS AGREEMENT.

10. Assignment. Neither party may sell, assign, or transfer this Agreement, without the other party's written consent, except no consent is required if the assignment: (a) results from the assignor's

benefit of and will be binding upon Hay Group, Client and their respective successors and permitted assigns.

11. Funding Out Clause. The County reasonably believes that funds can be obtained sufficiently to make all payments during the term of this Agreement. If the County does not allocate funds to continue the function performed by the Contractor obtained under this Agreement, this Agreement shall be terminated when appropriated funds expire, without penalty, charge or sanction to the County.

12. Governing Law. This Agreement will in all respects be governed by and construed in accordance with the laws of the State of Nevada, excluding any choice of law provisions and without effect to principles of conflicts of law, regardless of the place of making or performance. The parties disclaim the applicability of the United Nations' Convention on the International Sale of Goods.

13. Non Waiver. Neither party's failure at any time to enforce any of the provisions of, or any right or remedy available to it under, this Agreement or at law or in equity, or to exercise any option provided, will constitute a waiver of that provision, right, remedy or option or in any way affect the validity of this Agreement. Either party's waiver of any default by either party will not be deemed a continuing waiver, but will apply solely to the instance to which that waiver is directed.

14. Severability; Interpretation. Every provision of this Agreement will be construed, to the extent possible, to be valid and enforceable. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, that provision will be deemed severed from this Agreement, and all other provisions will remain in full force and effect.

15. No Third Party Beneficiary Rights. This Agreement is not intended to be for the benefit of any person other than Client and Hay Group. No other person, including any candidates or prospective candidates, will be considered third party beneficiaries of, or otherwise entitled to, any rights or benefits arising in connection with this Agreement.

16. Force Majeure. With the exception of a party's obligation to make payments properly due to the other party, neither party will be considered in default as a result of its delay or failure to perform its obligations under this Agreement when the delay or failure arises out of causes beyond that party's reasonable control. Causes may include acts of God or a public enemy, acts of the state or the government in its sovereign or contractual capacity, fires, floods, epidemics, strikes, and unusually severe weather; in every case, delay or failure to perform must be beyond the reasonable control of and without the fault or negligence of the party claiming a force majeure event to excuse its performance.

17. Entire Agreement; Conflicts. This Agreement contains the entire agreement between the parties regarding the subject matter hereof and supersedes any prior representations, advertisements, statements, proposals, negotiations, discussions, understandings, or agreements regarding the same subject matter. The parties will not be bound by any representation, promise, or condition not expressly set forth in this Agreement, including any provision contained in any Client purchase order. Client has not been induced to enter into this Agreement by any representations or statements, oral or written, not expressly contained in this Agreement. This Agreement may not be modified or amended except by a writing signed by the party against whom the same is sought to be enforced.

18. Miscellaneous. No provision of this Agreement will be construed against or interpreted to the disadvantage of any party because that party has or is deemed to have drafted the provision. All section headings and captions are for the parties' convenience only, are not part of the text, and will not be deemed in any way to limit or affect the meaning of this Agreement. When used in this Agreement, "including" means "including without limitation." This Agreement may be executed in any number of counterpart copies, each of which will be deemed an original, but which taken together constitute a single instrument. Except as expressly provided in this Agreement, all remedies available to either party for breach of this Agreement or at law or in equity are cumulative and may be exercised concurrently or separately. Those sections of this Agreement that are intended by their nature to survive termination or expiration of this Agreement will survive.

Attachment A**INSURANCE, HOLD HARMLESS AND INDEMNIFICATION REQUIREMENTS FOR
CONSULTANT PROFESSIONAL SERVICE AGREEMENTS****INDEMNIFICATION****CONSULTANT Liability**

As respects acts, errors or omissions in the performance of CONSULTANT services, CONSULTANT agrees to indemnify and hold harmless COUNTY, its officers, agents, employees, and volunteers from and against any and all third party claims, demands, defense costs, or liability of any kind or nature arising directly out of CONSULTANT'S negligent acts, errors or omissions in the performance of its CONSULTANT services under the terms of this agreement.

CONSULTANT further agrees to defend COUNTY and assume all costs, expenses and liabilities of any nature to which COUNTY may be subjected as a result of any third party claim, demand, action or cause of action arising out of the negligent acts, errors or omissions of CONSULTANT or its Sub-consultant in the performance of their CONSULTANT services under the Agreement.

GENERAL REQUIREMENTS

COUNTY requires that CONSULTANT purchase General and Auto Liability, and CONSULTANT'S Errors and Omissions Liability Insurance as described below against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work here under by CONSULTANT, its agents, representatives, employees or Sub-consultants. The cost of all such insurance shall be borne by CONSULTANT.

INDUSTRIAL INSURANCE

It is understood and agreed that there shall be no Industrial Insurance coverage provided for CONSULTANT or any Sub-consultant by COUNTY. CONSULTANT agrees, as a precondition to the performance of any work under this Agreement and as a precondition to any obligation of the COUNTY to make any payment under this Agreement to provide COUNTY with a certificate issued by an insurer in accordance with NRS 616B.627 and with a certificate of an insurer showing coverage pursuant to NRS 617.210.

If CONSULTANT or Sub-consultant is a sole proprietor, coverage for the sole proprietor must be purchased and evidence of coverage must appear on the Certificate of Insurance. Such requirement may be waived for a sole proprietor who does not use the services of any employees, subcontractors, or independent contractors and completes an Affirmation of Compliance pursuant to NRS 616B627.

MINIMUM LIMITS OF INSURANCE

CONSULTANT shall maintain coverages and limits no less than:

1. General Liability: \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate, for bodily injury, personal injury and property damage.
2. Automobile Liability: \$1,000,000 combined single limit per accident, and \$2,000,000 in the aggregate, for bodily injury and property damage. .
3. CONSULTANT Errors and Omissions Liability: \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

CONSULTANT will maintain CONSULTANT liability insurance during the term of this Agreement and for a period of three (3) years from the date of substantial completion of the project. In the event that CONSULTANT goes out of business during the term of this Agreement or the three (3) year period described above, CONSULTANT shall purchase Extended Reporting Coverage for claims arising out of CONSULTANT'S negligent acts, errors and omissions committed during the term of the CONSULTANT Liability Policy.

DEDUCTIBLES AND SELF-INSURED RETENTIONS

Any deductibles or self-insured retentions must be declared to the COUNTY Risk Management Division prior to the start of work under this Agreement.

OTHER INSURANCE PROVISIONS

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability Coverages
 - a. COUNTY, its officers, agents, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of CONSULTANT, including the insured's general supervision of CONSULTANT; products and completed operations of CONSULTANT; or premises owned, occupied or used by CONSULTANT. The coverage shall contain no special limitations on the scope of protection afforded to the additional insureds, nor shall the rights of the additional insured be affected by the insured's duties after an accident or loss.
 - b. CONSULTANT'S insurance coverage shall be primary insurance as respects COUNTY, its officers, agents, employees and volunteers. Any insurance or self-insurance maintained by COUNTY, its officers, agents, employees or volunteers shall be excess of CONSULTANT'S insurance and shall not contribute with it in any way.

- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to COUNTY, its officers, agents, employees or volunteers.
- d. CONSULTANT'S insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. CONSULTANT'S insurance coverage shall be endorsed to state that coverage shall not be suspended, voided, canceled or non-renewed by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to COUNTY except for nonpayment of premium.

ACCEPTABILITY OF INSURERS

Insurance is to be placed with insurers with a Best's rating of no less than A-: VII. COUNTY with the approval of the Risk Manager may accept coverage with carriers having lower Best's ratings upon review of financial information concerning CONSULTANT and insurance carrier. COUNTY reserves the right to require that the CONSULTANT'S insurer be a licensed and admitted insurer in the State of Nevada, or on the Insurance Commissioner's approved but not admitted list.

VERIFICATION OF COVERAGE

CONSULTANT shall furnish COUNTY with certificates of insurance and with original endorsements affecting coverage required by this exhibit. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms approved by COUNTY. All certificates and endorsements are to be addressed to the specific COUNTY contracting department and be received and approved by COUNTY before work commences. COUNTY reserves the right to require complete, certified copies of all required insurance policies, at any time.

MISCELLANEOUS CONDITIONS

1. CONSULTANT shall be responsible for and remedy all damage or loss to any property, including property of COUNTY, caused in whole or in part by CONSULTANT, any Sub-consultant, or anyone employed, directed or supervised by CONSULTANT.
2. Nothing herein contained shall be construed as limiting in any way the extent to which CONSULTANT may be held responsible for payment of damages to persons or property resulting from its operations or the operations of any Sub-consultants under it.
3. In addition to any other remedies COUNTY may have if CONSULTANT fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, COUNTY may, at its sole option:
 - a. Order CONSULTANT to stop work under this Agreement and/or withhold any payments which become due CONSULTANT here under until CONSULTANT demonstrates compliance with the requirements hereof;
 - b. Terminate the Agreement.