

REPORT TO THE CITY COUNCIL



DATE: December 3, 2013

TITLE: Authorize City Staff to Solicit Request for Proposals for a User Fee Study

PREPARED BY: Linda Kelly, Program and Financial Specialist

RECOMMENDATION

Authorize City staff to prepare a Request for Proposals to solicit proposals for a User Fee Study.

BACKGROUND

The City entered into a consulting agreement with CBIZ MHM Incorporated in February, 2011, to prepare a comprehensive User Fee Study for a total contract amount of \$15,900.00. The engagement objectives were to work with City staff to determine the true costs of providing various fee-related services as permitted under the California Constitution.

The primary objective of the study was to establish a consistent and objectively-based fee and rate structure that meet the needs of the City. The study was to include a detailed work plan which would be conducted by CBIZ staff in conjunction with various City staff members who would gather preliminary documents, complete the user fee survey questionnaires (departmentally) and attend various follow up meetings to review information presented by the consultant.

Under normal circumstances this type of fee study would take between sixty to one hundred and twenty days to complete and the end result would be a comprehensive draft report identifying the recommended user fees for the City. Additionally the draft report would include the user fee name, number of units performed in a year, costs of providing the service, current user fee charged, City recommended fee, percentage change, revenue impact and amount of the City subsidy. This draft report would be submitted to City staff for review and comments. Any comments would then be addressed by the consultant and incorporated into the draft document, as applicable, into the final report. Staff and the consultant would present the draft report to the City Council in a study session for their review and comments. Again any comments or proposed changes from the City Council would be incorporated into a final User Fee Study document. The final User Fee Study would be presented to the City Council at an agenda meeting requiring approval of all recommended user fees.

DISCUSSION

City staff had every intention to complete this project in a timely manner but unfortunately there were issues that arose over the last (30) months resulting in an unusable work product. From the City's perspective, this was caused due to a high turnover in staffing in the last two years primarily in the Director of Administration and Finance position (who was the lead on this project), reduction in other staffing with the historical information, the implementation of the New World Financial, Permitting and Code Software System and "poor work" product as provided by the consultant. On several occasions staff sent off changes and requested materials to the consultant to update the study but the consultant was unable to meet the "turn around" time as requested by City staff or simply did not include the updated material when sending back an updated draft. At times the consultant was unreachable and would not return phone calls or emails for weeks at a time further slowing the process over time.

In light of the foregoing, staff is in agreement that that the work that was completed by CBIZ is incomplete and unusable. Although the cost of the work product to date was \$13,875.00 staff does not feel that the work was completed to meet the standards required for this type of fee study and would not recommend to the City Council to move forward with utilization of the work product. Moreover, the City Attorney does not feel it would be cost effective to pursue any recourse against CBIZ.

The last time that the User Fee Study was approved and adopted by the City Council was in October, 2007. Those fees need to be reviewed and updated to better reflect the increasing cost of providing services over time. This is one of the items that was presented to the City Council at the Study Session on November 12, 2013. The Finance Committee and staff are recommending that we move forward with a Request for Proposals to ensure that the City is receiving the benefit of a current User Fee Study.

FISCAL IMPACT

None at this time.

Staff will prepare the Request for Proposals with a sixty (60) day turnaround time. Once a consultant is selected, staff will bring back the consulting agreement for review and approval, if the amount of the contract exceeds \$30,000. Staff anticipates that the cost for this study will be recaptured within the first year that the “new” fees are established and approved.