

REPORT TO THE CITY COUNCIL



DATE: May 21, 2019

TITLE: Professional Services Agreement to prepare Cost Allocation Plans and User Fee Study for the City

Prepared by: Linda Kelly, Finance Director

RECOMMENDATION

Authorize the City Manager to execute a Professional Services Agreement with Revenue & Cost Specialists, LLC to prepare a Cost Allocation Plan and a Federal OMB A-87 Cost Allocation Plan and User Fee Study; and to authorize the City Manager to execute all necessary agreements, approved as to form by the City Attorney.

BACKGROUND

In March 2014 the City Council awarded a contract to a consultant to work with staff to review the City fees charged for certain services and make recommendations to establish the full cost of providing services by the City. The primary objective of the study was to establish a consistent and objectively-based fee and rate structure that was fair and equitable for the City.

The study moved forward, and the final User Fee Study was presented to and approved by the City Council during a study session at an agenized meeting on March 3, 2015. Prior to the completion of that Fee Study, the City updated User Fees in October 2007, December 2004, and October 2001.

DISCUSSION:

Given the changes to the City's financial condition over the last few years, staff prepared a Request for Proposal dated March 12, 2019 inviting proposals from qualified firms to provide the City a Full Cost Allocation Plan and Federal OMB A-87 Cost Allocation Plan and a User Fee Study. The deadline for filing the Request for Proposals was April 18, 2019 at 4:00 p.m.

The City received a total of five proposals from the following firms:

- 1) Revenue and Cost Specialists, LLC (located in Fullerton, CA)
- 2) Matrix Consulting Group (located in Mountain View, CA)
- 3) MGT Consulting Group (located in Sacramento, CA)
- 4) Clear Source Financial Consulting (located in Aptos, CA)
- 5) NBS (located in Temecula, CA)

The firm Clear Source Financial Consulting was eliminated from the review process as the proposal was received at 4:42 p.m., which was after the deadline and that proposal was disqualified.

The four qualified proposals were routed to Staff (in multiple City departments) on April 22, 2019, to review and evaluate for final selection. The Evaluation Sheet had a total of 75 points that could be awarded in separate categories. The categories were as follows: ability to meet the RFP requirements, staff qualifications, familiarity with this type of work and the service needs of governmental organizations, conformity and thoroughness of the proposal package, costs of services, listing of client references, and resume of the firm's expertise.

Below is an overview of the firms and their evaluation totals.

Firm	Score	Rank	Proposed Fee
MGT Consulting	276	1	\$58,365
Revenue & Cost Specialists	265	Tied for 2 nd & 3 rd	\$33,000
NBS	265	Tied for 2 nd & 3 rd	\$55,675
Matrix Consulting	253	4	\$54,000

Based on the review of all four of the proposals, it was determined by staff that the firm of Revenue & Cost Specialists, LLC should be selected to prepare the Cost Allocation Plan and Federal OMB A-87 Cost Allocation Plan and User Fee Study. Revenue & Cost Specialists, LLC is highly regarded by other agencies and is recommended because of their experience with the City performing the City's previous cost allocation plan, user fee study, and other projects. Due to their familiarity with the City, the firm is able to offer a lower fee, as well as require less time to complete the work.

Pending City Council approval for the proposed consulting work, staff will begin the process of reviewing all current User Fees, adding any new fees, meeting with the consultant to conduct interviews, identifying the total cost of providing each City service, determining general and administrative overhead allocations, considering additions of service area information for future service enhancements (and the ability to calculate the estimated costs of providing the services), and providing a final work product in written and electronic formats. The consultant will also provide software for the City to use for updating the cost allocation plans and user fee study as the City's costs and processes change.

Staff anticipates that work with the consultant will take between four to five months to be completed. Once review of the final work product is completed, Staff will schedule a Study Session with the City Council to present all elements of User Fee Study and the Cost Allocation Plans.

FISCAL IMPACT

Staff has included appropriations of \$40,000 in the FY2018-2019 budget. Staff will include sufficient appropriations in the FY2019-2020 Budget Adjustment that will go before the Council in September, 2019. These expenses will come from the Contract Services line item for the Finance Department in the General Fund, account# 001-41-15-4320.

EXHIBIT(S)

- 1) Professional Services Agreement between the City of Desert Hot Springs and Revenue & Cost Specialists, LLC
- 2) Proposal from Revenue & Cost Specialists, LLC
- 3) Request for Proposal dated March 12, 2019