

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 01/12/09		Item Number: <u>C-4</u>	
AGENDA ITEM: Approval of an Amendment to an Existing Professional Services Agreement with MGT of America, Inc. (formerly Public Resources Management Group) to Prepare the City's Cost Allocation Plan for Fiscal Year 2008-09.			
Contact Person/Dept.: Nick Kimball, Finance		Phone Number: (310) 253-6013	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐ Attachments: ☐	
Public Notification: MGT of America, Inc. on 1/08/09; Master E-Mail Notification List (01/07/09)			
Department Approval: Jeff Muir (01/05/09)		City Attorney Approval: Carol Schwab (by H. Baker) (01/06/09)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (01/06/09)		City Manager Approval: Jerry B. Fulwood (01/07/09)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve an amendment to the existing professional service agreement with MGT of America, Inc. (formerly known as Public Resources Management Group) to prepare the City's Cost Allocation Plan for FY 2008-09 for a flat fee of \$8,800. <u>BACKGROUND/DISCUSSION:</u> As part of the budget process each fiscal year, a cost allocation plan (Plan) is produced to help determine the cost of services provided between funds and then allocate those costs, via administrative charges and reimbursements, between the effected City funds. Costs are calculated based primarily on staff support to other funds as identified by employees on their time sheet. Other information is also considered, such as number of staff reports generated per department, computer inventory per department, employee count per pay period per department, equipment maintenance charges per department, risk management charges per department, etc. All of these variables are taken into account to derive a formula to allocate costs to each effected fund. The Plan provides an invaluable methodology for allocating various administrative and other costs from the General Fund to the Redevelopment Agency, Enterprise funds, and Grant funds and is a crucial component of the budget preparation each year. Additionally, the Plan is often required by various granting agencies to justify administrative expenses charged to the grant. Without the justification provided by			

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the Plan, granting agencies may disallow reimbursement of some administrative expenses.

In August 2005, an RFP for the preparation of the City's cost allocation plan was released. As a result of that RFP process, the City awarded a contract to Public Resources Management Group (PRM) to prepare a cost allocation plan for the fiscal years 2005-06, 2006-07, and 2007-08. In August 2007, PRM became a wholly owned subsidiary of MGT of America, Inc. (MGT) – a national management consulting and research firm that was established in 1974. Between August 2007 and July 2008, PRM retained their name. As of August 1, 2008, PRM is now called MGT of America, Inc. Despite PRM's acquisition by MGT, the principal PRM/MGT staff working with City staff has remained unchanged and the transition has been seamless from staff's point of view.

The terms of MGT's agreement with the City were fulfilled with their delivery of the finalized draft of the Plan for FY 2007-08. Since consistency in the calculation methodology in this type of analysis is highly desirable, staff had hoped to issue a RFP to solicit proposals for another multi-year contract (i.e. 3 – 5 years). However, due to staff vacancies and the Division's current workload, Budget staff has been unable to issue an RFP for Plan preparation for FY 2008-09. Therefore, staff is requesting that the agreement with MGT be amended for an additional one-year term. MGT has agreed to provide this service with no increase from last year's fee of \$8,800 (flat fee). An RFP for cost allocation plan services will be part of the Finance Administration & Budget Division's work program for 2009-10.

MGT has provided excellent service over the past three fiscal years and staff has been extremely satisfied with their work product, professionalism, thoroughness, knowledge, and timeliness. Therefore, staff recommends amending the agreement with MGT of America, Inc. for preparation of a Cost Allocation Plan for FY 2009-10

FISCAL ANALYSIS:

MGT has agreed to prepare the City's Cost Allocation Plan for FY 2009-10 for a flat fee of \$8,800, which is the same fee that was charged for preparing the City's FY 2008-09 Plan. Adequate funds have been included in the Finance Department's FY 2008-09 Adopted Budget to cover this amount.

ATTACHMENTS:

None.

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MOTION:

That the City Council:

1. Approve an amendment to the existing professional services agreement with MGT of America, Inc. (formerly known as Public Resources Management), extending the terms of the contract through 6/30/09 for a flat fee of \$8,800; and
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.