

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 09/25/06		Item Number: <u>A-5</u>	
AGENDA ITEM: Professional Services Contract with Public Resource Management Group (PRM) to Provide a Comprehensive Citywide User Fees and Charges Rate Study.			
Contact Person/Dept.: Nick Kimball, Budget & Finance		Phone Number: (310) 253-6013	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List (09/20/06); Pacific Municipal Consultants; MuniFinancial; NBS; Public Resource Management; Maximus; Jefferson Wells; Public Financial Management; Macias Consulting Group;			
Department Approval: Marlee Chang (09/19/06)		City Manager Approval: Jerry B. Fulwood (09/20/2006)	
City Controller Approval: Marlee Chang (09/19/06)			
<u>RECOMMENDATION:</u> Staff recommends the City Council authorize staff to enter into a professional services agreement, for an amount not to exceed \$37,900, with Public Resource Management Group (PRM) to conduct a Comprehensive Citywide User Fees and Charges Rate Study. <u>BACKGROUND:</u> As part of the Comprehensive Financial Plan development and implementation, staff was directed by Council to pursue a consultant to conduct a comprehensive fees and charges rate study to determine the full cost to provide each service provided by the City's General Fund departments. The City assesses a user fee to recoup the cost of providing certain services. These services span across a number of departments and cover a wide array of services; including plan check and inspection fees for new construction projects, registration fees for swim lessons, pet licensing fees, room rental fees, etc. The purpose of these fees is to either fully or partially recover the cost of providing the service. In cases that costs are not fully recovered, the City is 'subsidizing' the activity. In some instances, the City may be charging more than it reasonably costs to provide the service, in which case the fee must be reduced. In order to identify the actual amount that the City could charge, it is necessary to calculate the fully burdened cost to provide a particular service. To achieve this, a comprehensive cost study of the City's fees and charges must be conducted.			

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A comprehensive citywide study of fees and charges by an outside consultant has not been conducted in more than 15 years. As a matter of best management practices, many southern California cities have engaged in comprehensive fee studies over the past few years. The expertise and resources required to perform such a comprehensive, in-depth study in a reasonable time period necessitate the skills of an outside firm that specializes in this type of analysis.

During preparation of the 2006-07 proposed budget, a cooperative effort between Budget & Finance and the City Attorney's Office was initiated to review fees and charges for the entire City. This resulted in the adoption of a resolution consolidating all fees previously set forth by various resolutions into one resolution.

DISCUSSION:

On July 24th, Council approved the release of a Request for Proposal for a professional services firm to provide a Comprehensive Citywide Fees and Charges Study. Proposals were received from eight (8) qualified firms.

All firms were evaluated based on the following criteria:

1. Thoroughness of response and understanding of the task to be completed;
2. Responsiveness to requirements of the project;
3. Software capability;
4. Firm's experience in financial studies;
5. Overall experience of staff assigned to the project;
6. Time required to accomplish the requested services;
7. Client references; and
8. Cost of service.

The evaluation criteria matrix is included as Attachment 1. Each firm was assigned a score based on responses included in their proposal. Attachment 2 provides a definition for each score. Since each criteria is not an equal determinant, the scores for each criteria were weighted based on their relative importance in determining a firm's ability to provide high quality services in a timely fashion. Input from the Community Development and Public Works Directors was solicited and incorporated into the final evaluation criteria matrix.

Using the scores derived from the evaluation matrix, the top three (3) firms were selected to give a brief presentation to a panel comprised of staff from various operating departments, including the City Manager's Office, Budget and Finance, Transportation, and Parks, Recreation and Community Services.

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Based on the evaluation scores, presentation to staff, and client references, staff recommends that Public Resource Management Group (PRM) is selected to conduct the Comprehensive Citywide User Fees and Charges study.

Public Resource Management Group

PRM is a highly qualified firm with extensive experience in providing user fees and charges studies to cities similar in size and scope to Culver City. The selection panel unanimously agreed to recommend PRM based on their credentials and presentation.

In a field of highly qualified firms, PRM stood out as a firm that could provide the City with a product of superior quality and a robust excel software package that the City can use for future updates. PRM takes a very hands-on approach to user fee studies. They work closely with departmental staff to account for the amount of time staff spends to provide the service related to each user fee. This hands-on approach to precisely account for staff time will result in a highly accurate cost analysis.

PRM will assign a highly experienced and specialized staff to Culver City's project. There will be one specialist assigned to Recreation fees, one assigned to Engineering fees, and one assigned to Planning and Building fees. The staff assigned to this project has extensive experience conducting user fees studies for both large and small cities; further strengthening their ability to provide insight and suggestions into additional fees that the City may consider adopting.

PRM will provide the following services as part of the user fees and charges study:

- Identify the total cost of providing each City service/program and comparing service costs with existing recovery levels;
- Recommend appropriate fees and charges based on analysis and any appropriate subsidy level where full cost recovery may be unrealistic;
- Prepare a final report that identifies each program/service, its full cost, recommended and current cost recovery levels, revenue impact, and fee comparisons with other LA County cities or other California cities comparable to Culver City;
- Identify additional fees that the City may explore implementing, based on practices of comparable cities providing a similar type of service;
- A detailed excel based computer model for adjusting fees and charges for the City's current and future needs, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in costs; and
- Attendance at community and City Council meetings.

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The study will address General Fund fees only (i.e. General Government, Public Works, Community Development, Fire, Police, and PR&CS fees). Transportation, Sewer, and Refuse fees will not be part of this study. It is expected that the study will be completed by January 2007.

FISCAL ANALYSIS:

The cost of the user fees and charges study to be conducted by PRM is \$37,900. Sufficient funds for the comprehensive user fees and charges study are included in the fiscal year 2006-07 Adopted Budget.

ATTACHMENTS:

1. Evaluation Criteria Matrix and Scoring Definitions.
2. Public Resource Management (PRM) proposal
3. Pacific Municipal Consultants' (PMC) proposal
4. Maximus' Proposal

MOTION:

That the City Council:

1. Authorize staff to enter into a professional services agreement with Public Resource Management Group (PRM) to conduct a Comprehensive Citywide User Fees and Charges study;
2. Authorize the City Attorney to prepare the necessary documents; and
3. Authorize the City Manager to execute the agreement on behalf of the City.