

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 8/13/07		Item Number: <u>C-6</u>	
AGENDA ITEM: Approve an Amendment to the Existing Professional Services Agreement with AK & Company to provide SB90 State Mandated Claiming Services for Fiscal Year 2007-08.			
Contact Person/Dept.: Mary V. Noller Budget & Finance		Phone Number: (310) 253-6012	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐ Attachments: ☐	
Public Notification: Master Notification List (08/08/07); AK & Company (7/18/07)			
Department Approval: Marlee Chang (07/18/07)		City Attorney Approval: Carol Schwab (by H. Iker) (08/06/07)	
City Controller Approval: Marlee Chang (08/07/07)		City Manager Approval: Jerry B. Fulwood (08/08/07)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve an amendment to the existing professional services agreement with AK & Company to perform filing of State Mandated cost reimbursement services. <u>BACKGROUND:</u> The Constitution of the State of California provides for the reimbursement of costs incurred by local agencies and school districts for programs mandated by the State. Costs mandated by the State means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service in an existing program. In fiscal year 2005-06 the City received approximately \$155,000, and in fiscal 2006-07 the City received approximately \$55,000. These amounts include reimbursements for prior fiscal years in which the State did not reimburse local governments due to limited funding source. Currently, the pending 2007-08 State budget includes funding for actual cost reimbursement filings. In order to obtain a portion of this funding in March 2008, the City of Culver City must begin the process necessary to file for reimbursement of fiscal year 2006-07 actual mandated activities as well as fiscal year 2007-08 estimated mandated activities. There are also new test claims pertaining to local government that are tentatively scheduled to be heard by the Commission on State			

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Mandates (Commission) this fiscal year. It is anticipated by our consultant that only two, at most, of these claims may apply to Culver City. Since the Commission has not yet reviewed all of the test claims, it is possible that none will be approved for claiming in fiscal year 2006-07. Also, in order for a claim to be filed, its threshold for reimbursement must be at least \$1,000 for a fiscal year. The test claims currently being reviewed may allow us to go back at least five to six years for reimbursement.

The City's existing agreement with AK & Company for \$10,300 has been expended. In order to quickly begin the process of filing for fiscal year 2007-08 including the potential additional claims, staff would like to amend the current agreement to allow for this additional work. During the last two years, AK & Company has been invaluable in assisting the City with the filing of mandated claims, and continues to keep staff up-to-date on current legislative activities. Our consultant has over twenty-five years of experience in the field. Most significantly, for the past ten years she has been responsible for the timely submission of local government mandated cost reimbursement claims and new market development.

As mentioned previously, the pending 2007-08 State Budget does include funding for mandated claims reimbursement for fiscal year 2006-07 actual filings. Each year's funding is independent of all others and totally dependent on compromises reached between the State Administration and the Legislature. Agencies, including Culver City, have continued filing reimbursement claims on an annual basis and will continue to file. In past years when funding was deferred, agencies who continued to file annual claims were able to recoup the funding in subsequent years when it was reinstated in the State budget. There has not been any talk of eliminating the mandated claims reimbursement process.

FISCAL ANALYSIS:

The proposed cost of the amendment to the current agreement with AK & Company is \$4,500 and a variable fee of \$1,000 for each new mandate (not to exceed 25% of total value of all claim years filed) in which Culver City may file. The total amount for fiscal 2007-08 will not surpass \$6,500. There is adequate money appropriated in the Budget & Finance Division budget to pay for these services in fiscal year 2007-08.

MOTION:

That the City Council:

1. Approve an amendment to the existing professional services agreement with AK & Company to provide professional services for State Mandated cost

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reimbursement preparation services for current approved mandates for an amount not to exceed \$6,500; and

2. Authorize the City Attorney to prepare the amendment to the agreement and authorize the City Manager to execute such amendment on behalf of the City.