



Staff Report

File #: 25-419, Version: 1

Item #: C-16.

CC - CONSENT ITEM: Approval of a Five-Year Professional Services Agreement with NBS Government Finance Group for the Development of Administrative Overhead Cost Allocation Plans for a Total Amount Not to Exceed \$70,500.

Meeting Date: October 28, 2024

Contact Person/Dept: Lisa Soghor/Finance Department

Phone Number: (310) 253-5865

Fiscal Impact: Yes No

General Fund: Yes No

Attachments: Yes No

Public Notification: (E-Mail) Meetings and Agendas - City Council (10/23/2024)

Department Approval: Lisa Soghor, Chief Financial Officer (10/15/2024)

RECOMMENDATION

Staff recommends the City Council approve a five-year professional services agreement with NBS Government Finance Group (NBS) for the development of administrative overhead cost allocation plans for a total amount not to exceed \$70,500.

BACKGROUND

Cost allocation refers to a process of accounting and recording the full costs of a government service by including its indirect costs or “overhead” in addition to its direct costs. Direct costs are those that clearly and directly benefit a specific fund or program. Indirect costs or central services are for support services that are shared by multiple departments, programs, and funds, such as accounting, payroll, administrative services, human resources, information technology, and operating and maintenance costs for city hall or other shared buildings. A cost allocation plan distributes these indirect costs to ensure that the respective funds are fairly and accurately paying for the services they receive.

Local governments develop cost allocation plans to identify the actual cost of services being provided to its citizens and to equitably share the costs of facilities and support services between departments,

programs, and funds. Cost allocation plans ensure the accuracy of cost-based user fees for public services. These plans relieve pressure on the general fund by allocating costs to enterprise funds that benefit from support services. They also allow cities to comply with state law and minimize audit issues and get reimbursement for allowable overhead costs from federal and state grants.

The City's current cost allocation plan provides both a full cost plan for internal charging and a federal Title 2 CFR 200 for grant reimbursements. The plan was last updated in Fiscal Year 2022-2023 and implemented in Fiscal Year 2023-2024. For Fiscal Year 2024-2025, the cost allocation plan was updated by the Consumer Price Index (CPI) percentage.

The City typically hires a consultant to study costs and prepare its Cost Allocation Plan. On July 29, 2024, in accordance with the purchasing requirements specified the Culver City Municipal Code Section 3.07.045 and 3.07.065.A., the City solicited quotes from 19 vendors via email for developing a cost allocation plan. Vendors were asked to provide quotes based on a scope of work that included preparation of full cost allocation plans in years one, three and five and updated plans with CPI in years two and four. The quotes were due on August 22, 2024.

DISCUSSION

In response to the request for quotes, the City received quotes from six firms. Proposals were evaluated by staff with an emphasis on comparable municipal governmental experience in developing cost allocation plans, the quality of the firm's personnel to be assigned to the Culver City engagement, the adequacy of the proposed plan to complete the project, the firm's approach to develop the cost allocation plan and overall municipal government experience.

Based on staff's careful evaluation of the quotes submitted, staff selected NBS Government Finance Group (NBS). Staff's selection was based on NBS' focus on governmental accounting, years of governmental experience in developing cost allocation plans, thorough review processes, commitment to quality control and approach to managing the project.

NBS is based in Temecula, CA. Since 1996, NBS has supported California municipalities with the implementation and ongoing administration of local funding tools. NBS has worked with more than 500 public agencies to date, including cities, counties, school districts, utilities, and special districts across a full range of revenue consulting services.

NBS's cost proposal for the first year is \$20,350. The total cost for five-year agreement is \$70,500.

FISCAL ANALYSIS

The Adopted Budget for Fiscal Year 2024-2025 includes \$20,350 for the first year of the agreement in Account No. 10114100.619100 (Financial Administration - Fiscal Services), which can be found on page 175 of the budget book. Funding for future years of the agreement will be included in future fiscal year budgets.

ATTACHMENTS

None.

MOTIONS

That the City Council:

1. Approve a five-year professional services agreement with NBS Government Finance Group (NBS) for the development of administrative overhead cost allocations plan for a total amount not to exceed \$70,500; 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.