



Request for Proposals (RFP)

Full Cost Allocation Study
And
User Fee Study

City of Winters, CA

Finance Department

318 First Street
Winters, CA 95694
530-794-6704

August 30, 2016

Proposals due by September 30, 2016

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Full Cost Allocation Study
User Fee Study

1. Request Summary

The City of Winters desires to undertake the preparation of a Full Cost Allocation Plan (an OMB 2 CFR Part 225 Cost Allocation Plan is desirable, as a supplemental part of the Cost Allocation Study) (collectively “Plan”) and a comprehensive review an evaluation of citywide user fees (“Fee Study”). To that end, the City is seeking to engage the services of a qualified professional firm experienced in cost recover to prepare both reports.

The Services are anticipated to commence in mid-October/early November 2016 with preliminary reports from the selected consultant due by selected consultant in in January 2017. The public hearing on the City’s Master Fee schedule should occur in February 2017 and adoption by March 2017.

2. Introduction

A. Background

The City of Winters is a full-service, General Law City with a Council-City Manager form of government. The City has approximately 45 employees who deliver high quality municipal services to its 7,200 residents. The City’s fiscal year 2016-2017 appropriations for its General Fund is approximately \$4.5 million.

The last comprehensive cost allocation plan was performed in 2006. The City does not have an OMB 2 CFR Part 225 Plan for federal grant reimbursement charges. Current cost allocation plans are primarily based upon a combination of direct and indirect charges.

The last User Fee Study was performed in 2007.

B. Objective

Full Cost Allocation Plan

The purpose of this project is to ensure that the City of Winters has a basis of applying comprehensive overhead rates and is accurately accounting for the true cost of providing various services by each department. Furthermore, best practices, accounting standards and OMB 2 CFR Part 225 make it necessary for the City of maintain a well-documented cost allocation plan that will help it to appropriately allocate general and administrative costs in its budget; properly identify overhead rates that can be used in the calculation of billable hourly rates for federal and state grants, user fees, and reimbursements from other governmental agencies.

User Fee Study

Similar to most cities in California, the City made a number of organizational changes during the recessionary period in 2008 and 2009 to maintain as many services as possible with decreased resources. As a result, the City was required to create efficiencies and eliminate certain processes. Consequently, the underlying activities upon which the previous user fee study was performed have changed. As such, the City wishes to examine whether a reasonable relationship exists between its cost of providing service and its current fees, with a consideration to the compliance requirements under Proposition 218 and Proposition 26.

C. General RFP Submittal Information

The City's designated staff will evaluate proposals received.

During the review process, the City reserves the right, where it may serve the City's best interest to request additional information or clarification from those that submit proposals, or allow corrections for errors or omissions. Any and all changes in the RFP will be made by written, addendum, which shall be issued by the City to all proposers who have been responded to the RFP by the deadline.

The City reserves the right to retain all proposals submitted. Submission of a proposal indicates the firm's acceptance of the conditions contained in the Request for Proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and consultant selected.

The preparation of the RFP will be at the total expense of the Proposer. There is no expressed or implied obligation FOR THE City to reimburse responding proposers for any expense incurred in the preparation of proposals in response to the RFP. All proposals submitted to the City shall become properties of the City and will not be returned.

The City reserves the right to reject any or all proposals, in whole or in part, to waive any informality in any proposal, and to accept the proposal which, in its discretion is in the best interest of the City.

To be considered, proposers must send one (1) original and three (3) hard copies of their proposal in a sealed envelope with the name of the company submitting the proposal and the title of "Full Cost Allocation and User Fee Study" no later than 5pm PST on September 30, 2016 to:

City of Winters
Attn: Tracy Jensen
318 First St.
Winters, CA 95694

D. RFO Questions

Questions with regard to this RFP should be submitted by e-mail to Shelly Gunby, Director of Financial Management at shelly.gunby@cityofwinters.org or to John W. Donlevy Jr., City Manager at john.donlevy@cityofwinters.org by 5pm on September 9, 2016,

E. Schedule

The City reserves the right to make changes to the below schedule, but plans to adhere to the implementation of this bid process as follows:

RFP released:	August 30, 2016
Deadline for receiving questions:	September 9, 2016
Proposals Due:	September 30, 2106
Finalists Selected:	October 7, 2016
Presentations/Interviews if necessary:	October 11-12, 2016
Contract approved by City Council	October 18, 2016

3. Scope of Services

Project tasks shall include, but are not necessarily limited to, the following. If the firm feels that additional tasks are warranted, they must be clearly identified in the firm's proposal.

Full Cost Allocation Plan

Prepare the City's full Cost Allocation Plan (OMB Cost Allocation Plan as optional supplement), which may include the following elements. If the consultant feels that additional tasks are warranted, they must be clearly identified in the consultant's proposal.

- A. Work and meet with City staff to refine the project scope, purpose, uses and goals for the City's Cost Allocation Plan to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedule and answer any questions pertaining to the successful development of the study.
- B. Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations.
- C. Identify the total cost of providing each City service at the appropriate activity level and in a manner that is consistent with all applicable laws, statutes, rules and

regulations governing the collection of fees, rates, and charges by public entities including but not limited to, the State Controller's Office Guidelines for Cost Claiming and OMB 2 CFR Part 225 standards.

- D. Determine the appropriate General and Administrative overhead allocations to City activities and applicable overhead rates for use in calculating the City's billable hourly rates. The requirements for the model should allow for:
 - a. Additions, revisions, or removal of direct and overhead costs so that the full cost allocation plan can be easily adapted to a range of activities, both simple and complex.
 - b. The ability of the City to continuously update the mode and full cost allocation plan from year to year as the organization changes.
 - c. The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (i.e. ad-hoc analysis).
- E. Report on other matters that come to your attention in the course of your evaluation that in your professional opinion the City should consider.
- F. Present the plan to the City's management group and make necessary adjustments as requested.
- G. If called upon to do so, prepare and deliver presentations to the Council to facilitate their understanding of the plan and its implications to the City.
- H. Work with the Finance Department in developing service provisions, cost categories and allocation criteria for current and future programs.
- I. Provide the City with an electronic copy of the final comprehensive review, 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 cost.
- J. Prepare a final report and provide five (5) bound copies and one (1) unbound copy, and a single Microsoft Excel and PDF file of the Full Cost Recovery Plan that can be made available to City staff. Models, tables and graphs should be provided in Microsoft Excel. Any Cost Allocation Model revisions developed shall also be made available to the City in Microsoft Excel and PDF formats, providing the ability to add, delete and/or update information as needed.
- K. Provide a computer based model in Microsoft Excel for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, 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.

- L. Consult with City staff should the need arise to defend the cost allocation plan as a result of audits for other challenges.

User Fee Study

Prepare a User Fee Study for the City, which may include the following elements. If the consultant feels that additional tasks are warranted, they must be clearly identified in the consultant's proposal.

- A. Work and meet with the City staff to refine the project scope, purpose, uses and goals of the City's User Fee Study to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedule and answer any questions pertaining to the successful development of the study.
- B. Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations. Conduct a comprehensive review of the City's existing fees, rates and charges.
- C. Identify the total cost of providing each City service at the appropriate activity level and in a manner that is consistent with all applicable laws, statutes, rules and regulations governing the collection of fees, rates and charges by public entities including, but not limited to, Proposition 218.
- D. Compare service costs with existing recovery levels. This should include any service areas where the City is currently charging for services as well as areas where perhaps the City should charge in light of the City's practices, or the practices of similar or neighboring cities.
- E. Recommend potential new fees and charges for services that the City currently provides but does not have any fees and/or charges established. Recommendations should be based on practices by surrounding cities that may charge for similar services, industry best practices, or the consultant's professional opinion.
- F. Recommend appropriate fees and charges based on the firm's analysis together with the appropriate subsidy percentage for those fees where full cost recovery may be unrealistic.
- G. Prepare a report that identifies each fee service, its full cost, recommended and current cost recovery levels. The report should also identify the direct cost, the indirect cost and the overhead cost for each service.
- H. Prepare a report that identifies the present fees, recommended fees, percentage change, cost recover percentage, revenue impact and fee comparison with other Yolo County cities for other California cities that are comparable to the City of Winters. A

survey of comparison of rates and fees with similar cities is required.

- I. Report on other matters that come to the Consultant's attention in the course of the evaluation that, in the Consultants' professional opinion, the City should consider.
- J. Provide a computer based model in Microsoft Excel for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, 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.
- K. Prepare and deliver presentations to the City Council to facilitate their understanding of the plan and its implications for the City and make necessary adjustments as requested.
- L. Provide on-site training to enable staff to update fees on an annual basis.
- M. Prepare a final fee study report and provide five (5) bound copies and one (1) unbound copy, and a single Microsoft Excel and PDF file of the User Fee Study that can be made available to City staff. Models, tables and graphs should be provided in Microsoft Excel. Any Master Fee Schedule revisions developed shall also be made available to the City in Microsoft Excel and PDF format, providing the ability to add or delete and/or update information as needed.
- N. Consult with City staff should it become necessary to defend the City's User Fees as a result of any legal or other challenge.

General

The Consultant may recommend other tasks it deems appropriate to achieve the objectives set forth in this RFP.

4. Proposal Outline to be submitted

The proposal shall be organized and submitted with the following elements:

a. Cover page

b. Table of Contents

c. Executive Summary

Provide a brief summary describing the proposer's ability to perform the work requested, a history of the proposer's background and experience providing services, the qualifications of the proposer's personnel to be assigned to this project, any subcontractor, sub consultants, and/or suppliers and a brief history of their background and experience, and any other information called for by this request for proposal which the proposer deems relevant, including restating any

exceptions to this request for proposal. This summary should be brief and concise to apprise the reader for the basic services offered, experience and qualifications of the proposer, staff, subcontractors, and/or suppliers.

d. Questionnaire/Response to Scope of Services

Proposer shall provide responses information to fully satisfy each item in the Questionnaire. Each question item should be presented before the proposer's response.

e. Attachments

5. Questionnaire

A. Company and General Information

- a. Company name and address
- b. Letter of transmittal signed by an individual authorized to bind the respondent, stating that the respondent has read and will comply with all terms and conditions of the RFP.
- c. General information about the primary contact who would be able to answer questions about the proposal. Include name, title, telephone number and email address of the individual.

B. Qualifications and Experience of the Firm

- a. Describe your firm's history and organizational structure. Include the size of the firm, location of offices, years in business, organizational chart, name(s) of owner(s) and principal parties, and number and position titles of staff.
- b. What is the primary business of the parent company and/or affiliates?
- c. Which office(s) of your organization will have primary responsibility for managing the User Fee Study?
- d. What is your firm's experience conducting Full Cost Allocation Plans and User Fee Studies? Identify the studies performed by your firm in the last five years.
- e. Which office(s) of your organization will have primary responsibility for managing the Cost Allocation Plan?
- f. What is your firm's experience preparing Full Cost and OMB 2 CFR Part 225 Cost Allocation Plans.? Identify the Plans prepared by your firm in the last five years. Include the type of plan prepared (i.e. Full Cost, OMB 2 CFR Part 225, etc.)

- g. Comment on other areas that may make your firm different from your competitors.

C. Qualifications and Experience of Proposed Project Team

- a. Describe the qualifications of staff proposed for the assignment, position(s) in the firm, and types and amount of equivalent experience. Be sure to include any municipal agencies they may have worked with in the past three years and their level of involvement.
- b. Identify and provide the resume(s) of the personnel who will be assigned to this project.

D. Questions/Response to Scope of Service

- a. Describe the methods by which your firm will fulfill the Full Cost Allocation Study and User Fee Study requested in the Scope of Services (Section 3). In responding to the Scope of Services, please be thorough in describing your firm's methodology for completing Full Cost Allocation Studies and User Fee Studies, and how your firm will address all services identified in the Scope of this request.
- b. Provide a statement of the service(s) that differentiate your firm from other respondents.

E. Fees

Please provide three (3) copies in a separate envelope marked "Fees"

- a. Provide your fees for the proposed service. Fee quotes should be detailed by service.
- b. The fee should include preparation of the Full Cost Allocation Plan (including a supplement for an OMB 2 CFR Part 2255 Cost Allocation Plan) and a User Fee Study.
- c. Outline billing and payment expectations, including timing and method of payment
- d. Describe any remaining fees not already detailed above.
- e. Present a specific "not to exceed" fixed fee including associated fees (i.e. printing costs, attendance at meetings, travel).

F. References

- a. Provide a list of the municipal agencies for which the respondent has conducted a Full Cost Allocation Plan and a User Fee Study within the past three years.

The Consultant should provide a list of at least three municipal agencies for each component of the RFP under consideration by the City.

- b. Provide the following information for three projects that are similar in size and scope to the project requested by this proposal.
 1. Name, address, and telephone number of the agency
 2. Time period
 3. Brief description of the scope of the review
 4. Recommended procedures
 5. Reference contact name and telephone number.

G. Implementation Schedule

Include an implementation schedule with a preliminary report delivery date by February 2017 and note key project milestones and timelines for deliverables. Identify any assumptions used in developing the schedule.

H. Insurance Requirements

The City will require the successful Consultant to acquire and maintain workers' compensation, employer's liability, commercial general liability, owned and non-owned and hired automobile liability and professional liability insurance coverage relating to Consultant's services to be performed covering the City's risks in a form subject to the approval of the City Attorney and/or City's Risk Manager. The minimum amounts of coverage corresponding to the aforesaid categories of insurance per insurable event shall be as follows:

WORKER'S COMPENSATION. During the term of this Agreement, CONTRACTOR shall fully comply with the terms of the law of California concerning worker's compensation. Said compliance shall include, but not be limited to, maintaining in full force and effect one or more policies of insurance insuring against any liability CONTRACTOR may have for worker's compensation.

GENERAL LIABILITY AND AUTOMOBILE INSURANCE. CONTRACTOR shall obtain at its sole cost and keep in full force and effect during the term of this agreement broad form property damage, personal injury, automobile, employer, and comprehensive form liability insurance in the amount of \$2,000,000 per occurrence; provided (1) that the CITY, its officers, agents, employees and volunteers shall be named as

additional insureds under the policy; and (2) that the policy shall stipulate that this insurance will operate as primary insurance; and that (3) no other insurance effected by the CITY or other names insureds will be called upon to cover a loss covered thereunder; and (4) insurance shall be provided by an, at least, A-7 rated company.

PROFESSIONAL LIABILITY INSURANCE. During the term of this Agreement, CONTRACTOR shall maintain an Errors and Omissions Insurance policy in the amount of not less than \$1,000,000.

CERTIFICATES OF INSURANCE. CONTRACTOR shall file with CITY'S City Clerk upon the execution of this agreement, certificates of insurance which shall provide that no cancellation, major change in coverage, expiration, or nonrenewal will be made during the term of this agreement, without thirty (30) days written notice to the City Clerk prior to the effective date of such cancellation, or change in coverage.

6. Evaluation of Proposals

The project's core implementation team, comprised of City staff, will be responsible for the bid evaluations. This team, in accordance with the criteria listed below, will evaluate all proposals received as specified. The City Team members, in applying the major criteria to the proposals, may consider additional criteria beyond those listed. During the evaluation period, the team may elect to interview some or all of the proposing firms.

The final selection will be the firm which, in the City's opinion, is the most responsive and responsible, meets the City's requirements in providing this service, and is in the City's best interest. The City maintains the sole and exclusive right to evaluate the merits of the proposals received.

Consultants will be objectively evaluated based on their responses to the project scope outlined in the RFP. The written proposal should clearly demonstrate how the firm could best satisfy the requirements of the City.

Proposals will be evaluated based on the following criteria.

- A. Thoroughness and understanding of the tasks to be completed.
- B. Background and experience in organizational analysis evaluation.
- C. Staff expertise and overall experience of personnel assigned to the work.
- D. Time required to accomplish the requested services.
- E. Responsiveness to requirements of the project.
- F. Recent public sector experience, preferably in municipal setting, conducting similar studies.
- G. Costs.

Although price for the services will be an important part of the consideration for award of

the project, the City will consider the consultant's qualifications, expertise and level of professional service and advice in the award of the project.