



## Legislation Text

File #: 2020-047, Version: 1

### Report to Mayor and City Council

Tuesday, February 4, 2020

Consent

#### **SUBJECT:**

**CONSIDER APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH REVENUE AND COST SPECIALISTS TO PREPARE A COMPREHENSIVE USER FEE STUDY AND OVERHEAD COST ANALYSIS (CITY COUNCIL)**

#### **I. SUMMARY**

City Council is being asked to approve a professional services agreement with a consulting firm based in Fullerton, California. The scope of the project is to provide a detailed analysis of the costs the City incurs from providing services and provide directions to staff prior to bringing forward an updated fee structure for adoption (City Council).

#### **II. RECOMMENDATION**

Approve the proposed professional services agreement with Revenue and Costs Specialists to provide comprehensive fee study and overhead analysis for a not-to-exceed price of \$67,940.

#### **III. ALTERNATIVES**

TAKE another action deemed appropriate by City Council.

#### **IV. BACKGROUND**

The City of Carson charges user fees for a variety of specific services provided on behalf of private citizens or groups. The underlying assumption for the user fee is that costs of services benefiting individuals and not the entire community should be borne by the individuals receiving the services, and that the user of the service should pay a fee that bears a relationship to the cost of the service. Therefore, setting user fees is equivalent to establishing prices for services. Unlike private organizations, making a profit in providing services to the public is not a legally allowable objective for local governments. The City may only set fees at a level to recover the full cost of providing the service. However, in certain circumstances it is reasonable for Council to set policies in establishing fees for certain services at a level that does not recover the full costs, resulting in a General Fund subsidy.

The General Fee Study is a key initiative that will help the City in developing a fiscally sustainable course for the long term by taking a comprehensive look at the organization and utilizing a cost allocation plan and master fee study to better recognize the cost of various City services. The General Fee study will ensure that the City is accurately accounting for the true cost of providing various programs and services for City-provided services and operations. It is the City's goal to have a well-documented and defensible analysis that will identify labor, material, and overhead rates to be used in the calculation of fees to be charged for a variety of user fees, including plan checking, permits, and City facility usage.

Staff released a request for proposals (RFP 19-016) on September 12, 2019 and received six proposals from firms specializing in local government financial analysis. A selection committee comprised by staff from Public Works, Community Services, Community Development and Finance department reviewed the proposals and rated each firm based on a number of criteria: demonstrated knowledge and capabilities, experience, proposed approach, project rates and fees. Of the six firms, four met the selection committee's minimum criteria and were invited to participate in an interview. The interviews were carried out on December 4, the evaluation committee ranked Revenue Cost Specialists as the top ranked firm and negotiations and development of the service agreement ensued.

Based on ratings and cost, staff recommends approval of the agreement with Revenue Cost Specialists for an amount not to exceed \$67,940 for development of Comprehensive User Fee Study.

Revenue Cost Specialists is a financial consulting firm established in 1980 by a retired City Manager and a retired Finance Director. The firm specializes in cost allocation, cost recovery, user fee studies and overhead analysis. Headquartered in Fullerton, California, the firm has worked with more than 250 public agencies in 5 states.

## **V. FISCAL IMPACT**

No additional funding is requested at this time as the total appropriations are available in the 2019-2020 adopted budget.

## **VI. EXHIBITS**

1. Revenue Cost Specialists contract 2020

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