

Town of Los Gatos

Request for Proposals
For
Overhead Cost Allocation Study & Comprehensive Fee
and Rate Study

Issue Date: Nov 6, 2017
Due Date: November 30, 2017 by 5:00 pm



Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

www.LosGatosCA.gov



I. Introduction

Request for Proposals. The Town of Los Gatos (Town) is soliciting proposals for an Overhead Cost Allocation Study and a Comprehensive Fee and Rate Study.

There is no expressed or implied obligation for the Town to reimburse responding firms for any expenses incurred in preparing proposals in response to this Request for Proposals (RFP).

The Town reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that firm is ultimately selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the subsequent contract between the Town and the firm selected.

To be considered, five printed copies and one electronic copy of the technical proposal including fees and fee structure need to be received by the Town of Los Gatos by 5:00 p.m. on Nov 30, 2017. Printed proposals are to be mailed or delivered in person to: Town of Los Gatos: Attention Gitta Ungvari, Finance and Budget Manager, 110 East Main Street, Los Gatos, CA, 95030. Electronic proposals are to be emailed to gungvari@LosGatosCA.gov. The Town reserves the right without prejudice to reject any or all proposals submitted. Late proposals will not be considered.

It is anticipated that selection of a firm will be completed and the contract will be executed by late December 2017.

A. **Term of Engagement.** The Town wishes to negotiate a fixed price contract with a “not to exceed” dollar total based on a clearly defined scope of work.

B. **Inquiries.** Inquiries regarding this RFP, the proposal process, and any technical questions regarding fee study services should be directed to Gitta Ungvari, Finance and Budget Manager. She may be reached via telephone at (408) 354-6805 or via email at gungvari@LosGatosCA.gov.

II. Services Required

A. **General.** The purpose of this project is to ensure that the Town of Los Gatos is using comprehensive overhead rates and accurately accounting for the true cost of providing various services within its operations. The last comprehensive fee and rate study was completed in January 2010.

B. **Advice and Consultation.** Throughout the contract period, the firm must be available during regular business hours to provide the Town with informal advice and consultation

regarding the studies. A senior staff member, at the manager, director, or partner level, will be responsible for responding to Town communications within one business day.

C. **Town Requirements.** The firm must comply with all relevant Town requirements, such as obtaining a Los Gatos business license, providing proof of insurance for at least the minimum required amounts, and executing a Town contract for consulting services. Information about Los Gatos business licenses is available on the Town's website www.LosGatosCA.gov/businesslicense. Information about current insurance requirements is available from the Clerk Administrator at (408) 354-6888. A sample Town contract is available from the Town Attorney's Office at (408) 354-6880.

D. **Town Council Meetings.** The firm shall make available a senior staff member at the manager, director or partner level to attend Town Council meeting(s) for the purpose of discussing the plan and its complications for the Town and make necessary adjustments as requested.

E. **Scope of Work.**

Overhead Cost Allocation Study

The Consultant shall complete the following tasks:

1. Work with selected staff to define the purpose, uses, and goals for an overhead cost allocation plan, ensuring that the development of the plan will be both accurate and appropriate for the Town's current needs.
2. Meet with staff and conduct interviews as needed to gain an understanding of the Town's practices and operations.
3. Confirm that the current cost allocation plan reflects appropriate General and Administrative overhead allocations to Town activities and applicable overhead rates for use in calculating the Town's billable hourly rates.
4. Identify gaps in the existing cost allocation plan that would prevent it from becoming a defensible cost allocation plan that conforms to all State of California and Federal guidelines. The requirements of the model shall allow for:
 - a) Additions, revisions, or removal of direct and overhead costs so that the overhead cost allocation plan can be developed from a simple plan to a progressively more inclusive plan.
 - b) The ability to continuously update the model and overhead cost allocation plan from year-to-year as the organization grows and develops or as the organization changes.

- c) The addition of hypothetical service area information for future services enhancements, and the ability to calculate the estimated costs of providing the service under consideration.
5. Report on matters that in the course of the evaluation process that the Town should consider.
6. Present the plan to the Town Management group and make necessary adjustments as requested.
7. Deliver a presentation to the Council to facilitate their understanding of the plan and its implications to the Town. Collect and document comments and concerns from staff and Council.
8. Prepare final report and provide five bound copies and an electronic file that can be made available Town staff. Any cost allocation model revisions developed shall also be made available to the Town electronically providing the ability to add or delete, and/or update information as needed.
9. Consult with Town staff should the need arise to defend the cost allocation plan as a result of audits or other challenges.

Comprehensive User Fee and Rate Study

Project tasks shall include, but are not limited to the following:

1. Work and meet with Town staff to refine the project scope, purpose, uses and goals of the Town's User Fee Study to ensure that the study will be both accurate and appropriate to the Town's needs. Review project schedule and answer any questions pertaining to the successful development of the Study.
2. Meet with staff and conduct interviews as needed to gain an understanding of the Town's processes and operations. Conduct a comprehensive review of the Town's existing fees, rates, and charges. Including but not limited to the following: permits, licenses, planning fees, building fees, engineering fees, police fees, administrative fees, and recreation fees.
3. Identify the total cost of providing each Town service at the lowest reasonable 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.
4. Compare service costs with existing recovery levels. This should include any service areas where the Town is currently charging for services as well as areas where we

perhaps should charge, in light of the Town's practices, or the practices of similar or neighboring cities.

5. Recommend appropriate fees and charges based on your analysis together with the appropriate subsidy percentage for those fees where full cost recovery may be unrealistic (e.g. library services).
6. Prepare a report that identifies each 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; and provide a model for adjusting these fees and rates for the Town's current and future needs.
7. Prepare a report that identifies the present fees, recommended fees, percentage change, cost recovery percentage, revenue impact and fee comparison with other Santa Clara County cities or other California cities that are comparable to Los Gatos. A survey comparison of rates and fees with similar cities is for information only.
8. Report on other matters that come to your attention in the course of your evaluation that in your professional opinion the Town should consider.
9. Present your findings to the Town Management team and make necessary adjustments as requested.
10. Prepare and deliver presentations to the Town Council to facilitate their understanding of the plan and its implications for the Town and make necessary adjustments as requested.
11. Provide the Town 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 Town staff to accommodate changes in the organization or changes in costs. Develop or modify the existing model for adjusting fees and rates to include the addition of hypothetical service area information for future services enhancements, and the ability to calculate the estimated costs of providing the service under consideration (scenario and "what if" analyses).
12. Provide on-site training to enable staff to update fees on an annual basis.
13. Prepare a final fee study report and provide five bound copies and an electronic file of the plan that can be made available to Town staff. Any Master fee schedule revisions developed shall also be made available to the Town electronically, providing the ability to add or delete and/or update information as needed.
14. Consult with Town staff should it become necessary to defend the Town's User Fees as a result of any legal or other challenge.

III. Timeline

The expected timeline for the proposal and establishment of the Trust is as follows:

Date	Milestone
Nov 6, 2017	Request for Proposals issued
Nov 30, 2017	Proposals due
Week of Dec 6, 2017	Oral presentations/interviews of selected firms if needed
Week of Jan 2, 2018	Works begins
Feb 23, 2018	Completion of Project
Week of Mar 5, 2018	Presentation of draft report to staff
March 20, 2018	Presentation of Final Report to Council as part of the Annual User Fee Update

IV. Town Responsibilities

A. **Technical Support and Assistance.** The Town staff will provide the consultant with all relevant information it has pertaining to the Town and its operations including operating and capital budgets, the existing cost allocation plan and current fee resolutions and related documents.

B. **Manner of Payment.** The Town will make progress payments on the basis of hours of work completed in accordance with the successful firm's dollar cost bid, and in response to invoices submitted on a monthly basis. The final ten percent of the total all-inclusive maximum price will be retained and paid on delivery of the final Studies.

V. Description of the Government

A. **Background Information.** Information regarding Los Gatos and the Town organization, such as history, governmental structure, services provided, the current Operating and Capital Budgets, and the most recent Comprehensive Fee Schedule, is available on the Town website, www.LosGatosCA.gov.

B. **Finance Operations.** The Finance Department is headed by Finance Director, Stephen Conway. The Department is responsible for budgeting, financial reporting, treasury, financial

audits, payroll, accounts payable, accounts receivable, cash collection, business license, purchasing, and other general accounting functions.

VI. Submittal of Proposal

The following materials must be submitted in order for a proposal to be considered:

General Requirements. To be considered, five printed copies and one electronic copy of the technical proposal including fees and fee structure be received by the Town of Los Gatos by 5:00 p.m. on November 30, 2017. Printed proposals are to be mailed or delivered in person to: Town of Los Gatos: Attention Gitta Ungvari, Finance and Budget Manager, 110 East Main Street, Los Gatos, CA, 95030. Electronic proposals are to be emailed to **gungvari@LosGatosCA.gov**. The Town reserves the right without prejudice to reject any or all proposals submitted. Late proposals will not be considered.

The purpose of the proposal is to demonstrate the qualifications, competence, and capacity of the firm and of the particular staff to be assigned, in conformity with this RFP.

The proposal should address all the points outlined in this RFP. At a minimum, the following components must be included:

- **Title Page.** Showing the RFP subject; the firm's name; the name, address, telephone number, and email address of the contact person; and the date of the proposal.
- **Table of Contents.** Including a clear and complete identification of the materials submitted by section and page number. Cross-referencing to section and page number in this RFP is preferred.
- **Transmittal letter.** Briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the timeline in this RFP, a statement addressing why the firm believes itself to be the best qualified to perform the work, and a statement that the proposal is a firm and irrevocable offer for 120 days. Certify that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Town.
- **Experience.** Describe your firm's experience serving California local government clients in completing a fee and rate study. Comment on the key program advantages which make your firm different from your competitors.
- **Sealed Dollar Cost Bid.** Five sealed, printed copies and one electronic copy of a dollar cost bid must be submitted. The dollar cost bid should contain all pricing information relative to performing the Studies as described in this RFP. The total all-inclusive maximum price to be bid should contain all direct and indirect costs, including all out-of-pocket expenses. The Town

will not be responsible for expenses incurred in preparing and submitting either a technical proposal or a dollar cost bid in response to this RFP: such costs should not be included in a dollar cost bid. The bid for optional services identified in the Scope of Work should be submitted separately.

The dollar cost bid should address all the points outlined in this RFP. At a minimum, the following components must be included:

1. **Name of Firm.**
2. **Certification**, that the person signing the bid is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Town.
3. **A Total All-Inclusive Maximum Price, for each of the Studies.** Prices for the optional services are to be submitted separately.
4. **Component Costs.** Include separate schedules of all fees and expenses for each of the work tasks and deliverables described in this RFP. These schedules should include hourly rates and number of hours anticipated for each staff level; as well as out-of-pocket expenses such as transportation, meals, communications, and duplication costs. The total of these separate schedules should have a direct relationship to the total all-inclusive maximum price.
5. **Rates for Additional Professional Services.** If it should become necessary for the Town to request the successful firm to render any additional services to either supplement the services requested in this RFP or to perform any additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Town and the firm. Any such additional work would be performed at the same rates submitted in the dollar cost bid.
6. **References.** Please list the name, address, contact name, telephone number and e-mail address of at least five public agency client references, preferably in a municipal setting, conducting similar studies proposed in response to this RFP.
7. **Proposer Warranties.** Include an executed copy of Appendix A to this RFP, Proposer Warranties.

VII. Evaluation Procedures

A. **Review of Proposals.** An evaluation committee will evaluate each respondent's relevant experience and expertise. Firms will be evaluated based on the information presented in the RFP. Firms may be invited to follow up interview with the committee to review their

proposals. Final selection may be based upon the RFP as well as any supplemental information requested by the evaluation committee or obtained through follow up interviews.

- Qualifications as they relate to this project (40%) in the order shown below:
 - Thoroughness and understanding of the tasks to be completed.
 - Background and experience in organizational analysis evaluation.
 - Staff expertise and overall experience of personnel assigned to the work.
 - Qualifications of proposed key personnel
 - Communication skills
- Firm's reputation for integrity and competence (20%)
- Proposed Fees and Charges for Services (20%)
- Ability to provide the required services in a timely manner (10%)

The Town may invite one or more of the firms to make oral presentations/interviews during the week of December 6, 2017. It is anticipated that selection of a firm will be completed by middle of December 2017, and that a contract will be executed by the end of December 2017.

APPENDIX A: PROPOSER WARRANTIES

The proposer warrants that it can and will provide and make available, at a minimum, all of the services and deliverables set forth in this RFP.

The proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees, or agents in conjunction with the services to be provided. Coverage limits shall be \$2,000,000 or more per occurrence, without reduction for claims paid during the policy period. The carrier should be duly insured and authorized to issue similar insurance policies for this nature in the State of California.

The proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Town.

The proposer shall state the length of time for which the submitted Proposal shall remain valid. The Town requires a period of at least 120 calendar days.

The proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature: _____

Printed Name: _____

Title: _____

Firm: _____

Date: _____