



CITY OF
HAYWARD
HEART OF THE BAY

7

DATE: February 19, 2008

TO: Mayor and City Council

FROM: Director of Finance and Internal Services

SUBJECT: Authorize the City Manager to enter into a contract with Maximus Financial Services to develop a Comprehensive User Fee Study and Appropriate Funds

RECOMMENDATION

That the Council adopts the Resolution authorizing the City Manager to negotiate and execute a contract with the Maximus Financial Services in an amount not to exceed \$52,000 to develop and prepare a comprehensive user fee study and appropriate \$52,000 of General Fund reserves for this project.

BACKGROUND

Each year the City staff reviews the City's Master Fee Schedule and recommends changes to the City Council for their approval based on the cost of providing services, applicable laws, and comparable fees. The City has not engaged the services of an outside consulting firm for over fifteen years to assist in developing models to calculate the cost of providing services. Therefore, to assist the City in meeting the challenges of the upcoming two-year budget cycle, staff recommends that we utilize a consulting firm that specializes in user fee studies to assist the City in determining appropriate fees.

Staff issued a Request for Proposals (RFP) on January 14, 2008 for a Comprehensive User Fee Study. (Attachment B) The RFP was sent to thirteen firms. Four proposals were received. These four responses were reviewed by staff, and two finalists were selected to be interviewed on February 11-13, 2008, by a City team composed of the Director of Finance and Internal Services, Purchasing and Services Manager and Chief Building Official. Based on this process, Maximus Financial Services was selected and is being recommended to Council.

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 08-

Introduced by Council Member _____

Mae
2/14/08

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF HAYWARD AND MAXIMUS FINANCIAL SERVICES TO DEVELOP A COMPREHENSIVE USER FEE STUDY AND APPROPRIATION OF FUNDS

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to negotiate and execute on behalf of the City of Hayward an agreement with Maximus Financial Services for professional services to develop a comprehensive user fee study, in an amount not to exceed \$52,000, in a form to be approved by the City Attorney.

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that Resolution No. 07-079, as amended, the Budget Resolution for fiscal year 2007-08, is hereby further amended by approving an appropriation in the amount of \$52,000 from the General Fund, Fund 100 for development of a comprehensive user fee study.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2008

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

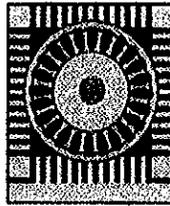
ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward



CITY OF
HAYWARD
HEART OF THE BAY

Comprehensive User Fee Study

Request for Proposals

Issue Date: January 14, 2008

Department of Finance and Internal Services
City of Hayward
777 B Street
Hayward CA 94541
(510) 583-4010

www.hayward-ca.gov

INTRODUCTION

The City of Hayward is requesting proposals for a Comprehensive User Fee Study. The study should focus mainly on General Fund services, in particular, development related user fees. The scope of work should include a review of existing user fees, as well as, the identification of new fee opportunities.

BACKGROUND

The City of Hayward incorporated in 1876, is a full-service, charter city, governed by a council-manager form of government. The City has a population of about 148,000 and City staff consists of approximately 880 employees. Encompassing approximately 61 square miles; Hayward is located on the east shore of the San Francisco Bay, 25 miles southeast of San Francisco, in Alameda County.

The General Fund budget for fiscal year 2007-08 is \$114 million; the City's total operating budget for fiscal year 2007-08 is \$195 million.

OBJECTIVE

The purpose of this study is to ensure that the City of Hayward is accurately accounting for the true cost of services, and, that fees for service reflect those costs. In addition, existing user fees will be reviewed and new fee opportunities will be identified. It is the City's goal to have a well documented and defensible cost of service user fee plan that complies with Proposition 218 requirements.

SCOPE OF WORK-Comprehensive User Fee Study

Project tasks shall include, but are not necessarily limited to:

- Determining City cost to provide various services.
- Identifying if these costs are reasonable and if the current cost recovery levels are sufficient.
- Recommending fee changes necessary to achieve adopted cost recovery policies.
- Recommending methodology to calculate fee increases in future years.

If the consultant/firm feels that additional tasks are warranted, they must be clearly identified in the consultant's proposal.

Outline of services to be provided:

1. **Establish a methodology for the evaluation of fees.** Work and meet with 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.
2. **Conduct a comprehensive review of the City's existing fees, rates, and charges.** Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations.
3. **Identify the total cost of providing each City 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. Costs should include appropriate General and Administrative overhead allocations to City activities and applicable overhead rates for use in calculating the City's billable hourly rates.

4. **Compare service costs with existing cost recovery levels.** This should include service areas where the City is currently charging for services as well as areas where we perhaps should charge, in light of the City's practices, or the practices of similar and/or neighboring cities.
5. **Prepare a report that identifies each service, its full cost, current and recommended cost recovery levels.** The report should 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 City's current and future needs.
6. **Recommend appropriate fees and charges.** Recommended fees are based on the analysis, together with the appropriate subsidy percentage for those fees where full cost recovery may be unrealistic.
7. **Prepare a report that identifies the current fees, and recommended fees.** The report must also identify percentage change, cost recovery percentage, and fee comparison with other Alameda County cities or California cities that are comparable to Hayward. A survey comparison of rates and fees with similar cities is for information purposes only.
8. **Report on other matters that come to your attention in the course of your evaluation that in your professional opinion the City should consider.**
9. **Present the findings to the City's management group and make necessary adjustments as requested.**
10. **Prepare and deliver presentations to the Hayward City Council to facilitate understanding of the plan and its implications for the City; provide necessary adjustments as requested.**
11. **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.**
12. **Develop or modify the existing model for adjusting fees/rates; include the addition of potential service areas, future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration.**
13. **Provide on-site training to enable staff to update fees on an annual basis.**
14. **Prepare a final fee study report and provide five bound copies, one unbound copy and a single PDF file of the plan that can be made available to City staff via the intranet to the City. Any Master fee schedule revisions developed shall also be made available to the City on CD-ROM and/or electronically, providing the ability to add or delete and/or update information as needed.**
15. **Consult with the City staff should it become necessary to defend the City's User Fees as a result of any legal or other challenge.**

PROPOSAL FORMAT

The proposal should include the minimum information requested below in the order listed. Additional information, if provided, should be separately identified in the proposal.

1. Cover letter on company's letterhead summarizing the proposal and signed by an individual authorized to execute legal documents on behalf of the consultant/firm including:
 - a) A summary of the qualifications of the firm to perform the services described herein, including, but not necessarily limited to:
 - i) The firm's previous experience in performing similar services for other municipalities;
 - ii) The firm's ability to produce the required product in a timely fashion and the ability to present any necessary reports or studies to elected officials and/or the general public.
2. The proposal shall contain the following:
 - a) Legal name and address of company;
 - b) Legal form of company (partnership, corporation, joint venture, etc.). If joint venture, identify the members of the joint venture and provide all information required under this section for each member.
3. If company is wholly owned subsidiary of a "parent company," identify the "parent company."
4. Description of the Project Team. Names, title and qualifications (resumes) of the proposed project manager and support staff and subcontractors who will be conducting the work on this assignment, including their experience in which they have "hands on" responsibility and length of time with the firm. The selected consultant shall not substitute the project manager without prior approval of the Director of Finance of the City of Hayward. The project manager will be expected to be fully involved and conversant in the details of the project on a day-to-day basis.
5. Scope of work for each project (a description of the work program including a description of deliverables and activities).
6. Description of the extent to which City staff support will be required.
7. Outline of the proposed work plan for project.
8. Proposed project schedule to begin no later than February 29, 2008 and conclude within 60 days, subject to the City extension as necessary.
9. Project Budget for the Comprehensive Fee Study-a description of the project budget itemized according to individual tasks.
10. Project budget should include:
 - a) A project schedule with activities, milestones, and deliverables.
 - b) Project budget defined, at minimum, as follows:
 - i) By task with a collective total by milestone and deliverable;
 - ii) Labor rates for all project team members;
 - iii) General overhead rates;
 - iv) Costs for expenses such as printing, travel and attendance at meetings.
11. The consultant shall present a specific "not to exceed" fixed fee, including associated fees (i.e. printing costs, attendance at meetings, travel). A requested payment schedule should accompany the work schedule.

12. Proposed services to be referred to a sub-contracted, anticipated sub-contractors and anticipated costs for these services.
13. A list of references from other municipalities for similar projects including the name of the organization and the primary contact person(s).

REJECTION OF BIDS

The City reserves the right to accept or reject any and all bids or any portion or combination thereof, or award on the basis of the total bid.

AWARD OF CONTRACT

The City reserves the right to reject any an all bid proposals. To contract work with whomever and in whatever manner the City decides, to abandon the work entirely and to waive any informality or non-substantive irregularity as the interest of the City may require and to be the sole judge of the proposal offered. Bids will be evaluated on basis of selection criteria specified below.

A written purchase order mailed or otherwise furnished to the successful bidder within time for acceptance specified, results in a binding contract without further action by either party. The contract shall be interpreted construed and given in all respects according to the laws of the State of California.

SELECTION CRITERIA

Proposals will be evaluated based on the following criteria:

1. Thoroughness and understanding of the tasks to be completed.
2. Background and experience in organizational analysis evaluation.
3. Firm's expertise and overall experience of personnel assigned to the work.
- ✓4. Time required to accomplish the requested services.
5. Responsiveness to requirements of the project.
- ✓6. Public sector experience in municipal setting conducting similar studies.
- ✓7. Costs

REVISION TO THE REQUEST FOR PROPOSAL (RFP)

The City reserves the right to revise the RFP prior to the date that proposals are due. Revisions to the RFP shall be faxed and/or e-mailed to all interested firms. The City reserves the right to extend the proposal submittal/due date.

DISCRETION AND LIABILITY WAIVER

The City reserves the right to exercise discretion and apply its judgment with respect to all proposals submitted.

The City reserves the right to reject all proposals, either in part or in its entirety, or to request and obtain, from one or more of the consulting firms submitting proposals, supplementary information as may be necessary for City staff to analyze the proposals.

The City may elect to award a contract in multiple phases, as is deemed to be in the City's best interest. Should the City award projects in phases, the City reserves the right to award the phases to the same firm.

The consultant, by submitting a response to this RFP, waives all right to protest or seek any legal remedies whatsoever regarding any aspect of this RFP. Although, it is the City's intent to choose only a small number of the most qualified consulting teams to interview with the City, the City reserves the right to choose any number of qualified finalists.

This RFP does not commit the City to award a contract, to defray any costs incurred in the preparation of a proposal pursuant to this RFP or to procure or contract for work.

All proposals submitted in response to this RFP become the property of the city and public records and, as such, may be subject to public review.

The City reserves the right to cancel, in part or in its entirety, this RFP including, but not limited to: selection procedures, submittal date, and submittal requirements. If the City cancels or revises the RFP, all interested firms will be notified using fax and/or e-mail.

DIRECTIONS FOR DELIVERY OF THE PROPOSAL

Proposals shall be clearly identified as: "Response to Request for Proposals for Comprehensive Fee Study."

Three copies of the proposal and one unbound copy of the proposal in a "sealed" envelope shall be delivered no later than **5:00 PM on Monday, January 28, 2008**. Proposals may be delivered by express mail, regular mail, or in person, at the office of:

Debra C. Auker, Director of Finance and Internal Services
C/o Jasmine Gacusan, Purchasing and Services Manager
City of Hayward
777 B Street, 3rd Floor
Hayward, CA 94541
Phone: 510-583-4010
Email: debra.auker@hayward-ca.gov

TENTATIVE SELECTION TIMELINE

The following is a tentative time schedule related to the requested fee studies:

Proposal deadline	January 28, 2008
Director of Finance and Finance Team screen all proposals and determine finalist(s)	January 29-31, 2008
City interviews with final candidates (if necessary)	Week of February 4, 2008
Staff submits staff report and recommendation to City Administrator	February 8, 2008
Draft contract submitted to City Attorney	February 8, 2008
City Council authorizes contract	February 19, 2008
Final contract negotiations/execution	February 22, 2008
Work begins	February 25, 2008
Completion of evaluation of current City fees	April 25, 2008
Recommended fee changes presented to City Council for approval	May 6, 2008

CONTACTS

All questions regarding this project should be directed to Debra C. Auker, Director of Finance and Internal Services at 510-583-4010.