

CITY OF BANNING
REQUEST FOR PROPOSAL
FOR
OVERHEAD COST ALLOCATION STUDY
USER FEE STUDY
DEVELOPMENT IMPACT FEE STUDY

Date: May 21, 2015 (reissued June 30, 2015)
Attention: Proposers
Subject: Overhead Cost Allocation Study/User Fee Study/ Development Impact Study

I. REQUEST SUMMARY

The City of Banning (the “City”) desires to undertake the preparation of a Full Cost Allocation Plan and a Federal OMB A-87 Cost Allocation Plan (collectively “Plan”), a comprehensive review and evaluation of citywide user fees (“Fee Study”), and a comprehensive review and evaluation of development impact fees (“Impact Fee Study”). To that end, the City is seeking to engage the services of a qualified professional firm experienced in cost recovery to prepare all three reports. With regards to preparation of the Cost Allocation Plan, the City desires to enter into a five year agreement to update the Plan annually.

The Fee Study shall evaluate General Fund user fees. It will exclude internal service fund charges and Enterprise Funds (Electric, Water, Wastewater, Transit, and Airport) fees. At the City’s discretion, other funds may be included.

The services are anticipated to commence in September 2015, and extend for a period of two to four months. The final reports should be completed by January 2016.

II. INTRODUCTION

A. Background

City of Banning is strategically located in Riverside County along the route of U.S. Interstate 10 approximately 25 miles northwest of Palm Springs and 82 miles east of Los Angeles. Beautifully located in the San Gorgonio Pass between the two highest mountain peaks in Southern California, Banning is only minutes away from many desert and

mountain resorts. One of Banning's unique characteristics is that it provides the serenity of a rural setting yet has easy access to major metropolitan areas. Its unique location is at a relatively high altitude (2,350 feet) in the Pass which provides a favorable year-round climate and air quality. Its municipal boundaries encompass 22.117 square miles.

Incorporated in 1913, Banning is a general law city that operates under the council-manager form of government. Policy-making and legislative authority are vested in the City council consisting of five members elected at large. The City council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees or commissions and hiring both the city manager and attorney. The city manager is responsible for carrying out the policies and ordinances of the City council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis and each member serves a term of four years. The City council selects by a majority vote a mayor who serves a one-year term.

The City provides a full range of services, including police and fire protection; construction and maintenance of streets, trails and other infrastructure; recreational activities and cultural events; sanitation and water services; street lighting; planning and zoning; and general administrative services. Fire services are provided through a contract between the City and Cal Fire. Economic development activities are provided through a contract with a consultant. City of Banning owns and operates its own electric, water, and wastewater utilities. It also offers its residents an airport, local police protection, municipal bus service, seven parks, a swimming complex, a seasonally operated play house bowl, as well as youth and leisure programs.

B. Objective

Overhead Cost Allocation Plan

The purpose of this project is to ensure that the City of Banning 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 Circular A-87 make it necessary for the City to maintain a well-documented cost allocation plan that will help it to appropriately allocate general and administrative costs in the 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 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 2005 user fee study have changed. As such, the City wishes to examine whether a reasonable relationship exists between its costs of providing service and its current fees, with a consideration to the compliance requirements under Proposition 218.

Development Impact Fee Study

The city has many current and future development activities in the pipeline. Similar to the User Fee Study, the underlying activities upon which the 2005 development impact fees are based have changed significantly. Significant development may require expanded City services, facilities, and infrastructure to accommodate growth. Therefore, the City believes it is prudent to re-visit the 2005 study and examine whether its current impact fees are sufficient to meet the long-term needs for expected growth in development with a consideration to any possible incentives or disincentives which may be created by its current impact fees or any new fees that are imposed.

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 of 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 prospective bidders who have been issued or obtained copies of the RFP from the City's website.

The City reserves the right to retain all proposals submitted. Submission of a proposal indicates the firm's acceptance of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the contractor 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 this request. 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 part, to waive any informality, irregularities, or errors 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 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 "Overhead Cost Allocation Study, User Fee and Development Impact Fee Study" to:

Marie Calderon, City Clerk
City of Banning
99 E. Ramsey Street
Banning, CA 92220

D. 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:	May 21, 2015
Proposals due (Extended):	July 14, 2015
Finalists selected:	July 28, 2015
Presentations/Interviews (if necessary):	August 3, 2015
Vendor selected:	August 10, 2015
Counsel Meeting Approval:	August 25, 2015

III. 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.

Overhead Cost Allocation Plan

Prepare the City's Full Cost - Cost Allocation Plan and Federal OMB A-87 Cost Allocation Plan, 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 of 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 Circular A-87 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 of the model should allow for:
 - 1) Additions, revisions, or removal of direct and overhead costs so that the overhead cost allocation plan can be easily adapted to a range of activities, both simple and complex.

- 2) The ability of the City to continuously update the model and overhead cost allocation plan from year to year as the organization changes.
 - 3) 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. 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.
- I. Prepare a final report and provide five bound copies, one unbound copy, and a single Microsoft Word and PDF file of the Overhead Cost Recovery Plan that can be made available to City staff. Models, tables and graphs should be provided in Microsoft Excel as deemed appropriate. Any Cost Allocation Model revisions developed shall also be made available to the City in Microsoft Word and PDF formats, providing the ability to add, delete and/or update information as needed.
- J. Provide a computer based model 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. Consult with City staff should the need arise to defend the cost allocation plan as a result of audits or other challenges.
- L. Update the plan annually and maintain accurate records of all correspondence, work papers, and other relative evidence during the contract period of five years.

User Fee Study

Prepare a User Fee Study of 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 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 (e.g. youth recreation).
- 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 recovery percentage, revenue impact and fee comparison with Riverside County, Riverside cities or other California cities that are comparable to Banning. A survey comparison of rates and fees with similar cities is for information only.
- I. Report on other matters that come to the Consultant's attention in the course of the evaluation that, in the Consultant's professional opinion, the City should consider.
- J. Provide a computer based model 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. The requirements of the model should allow for:

- 1) Additions, revisions, or removal of direct and overhead costs so that the overhead cost allocation plan can be easily adapted to a range of activities, both simple and complex.
 - 2) The ability of the City to continuously update the model and overhead cost allocation plan from year to year as the organization changes.
 - 3) 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).
- 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 bound copies, one unbound copy, and a single Microsoft Word 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 as deemed appropriate. Any Master Fee Schedule revisions developed shall also be made available to the City in Microsoft Word 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
- O. Update the study annually and maintain accurate records of all correspondence, work papers, and other relative evidence during the contract period of three years.

Development Impact Fee Study

Prepare a Development Impact 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 City staff to refine the project scope, purpose, uses and goals of the City's Development Impact 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 existing standards, including references to the General Plan, Specific Plans, Housing Element, and other conceptual frameworks, regarding the acceptable levels of service for facilities and infrastructure. Conduct a comprehensive review of the City's existing fees, rates, and charges. Identify major policy issues involved in the City's development impact fee program. Establish an overall project schedule.

- C. Describe assumptions, and bases for assumptions, regarding the existing level of service in the City (compared to existing standards), including a description of existing facilities and the existing number of equivalent development units (EDU) or residents served.
- D. For purposes of determining level of service, the consultant should identify assumptions and bases for assumptions, regarding specific facilities to be constructed and the number of EDUs to be served.
- E. Describe assumptions, and bases for assumptions, regarding the type of development projects planned for the City, and the impact the new developments would have upon the level of service for existing facilities. This description would include a description of any varying impacts caused by residential development versus commercial and industrial development.
- F. Describe whether new development will require additional facilities, and if so, include a description of the standards by which it was determined that additional facilities would be required and a description of the additional facilities required.
- G. Describe the impact upon level of service for the new development after the additional facilities are constructed. Describe how the new development would benefit from the additional facilities
- H. Prepare an estimated cost of providing additional facilities pursuant to Government Code Section 66005(a). Describe the basis upon which the total estimated cost of providing additional facilities would be allocated to each EDU in the City.
- I. Prepare a listing of projects eligible for impact fee funding.
- J. Report on other matters that come to your attention in the course of your evaluation that in your professional opinion the City should consider.
- K. The Consultant should prepare a report of findings which shall include but not be limited to: the purpose of any proposed new fees and how the fee would be used; the relationship between the use of current and proposed new fees use and the type of project on which it would be imposed; the need for any additional facilities and the type of project on which the fee would be imposed; the amount of the fee and the cost of the facility (or portion of the facility) attributable to new development. The final report should summarize key results and findings and explain the methodology used and documentation compliance with the “reasonable relationship” requirements of AB 1600.
- L. Prepare and deliver presentations to the City Council to facilitate their understanding of the Impact Fee Study and its implications for the City and make necessary adjustments as requested.

- M. Prepare a final fee study report and provide five bound copies, one unbound copy, and a single Microsoft Word and PDF file of the Impact Fee Study that can be made available to City staff. Models, tables and graphs should be provided in Microsoft Excel as deemed appropriate. Any impact fee revisions developed shall also be made available to the City in Microsoft Word 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.
- O. Update the study annually and maintain accurate records of all correspondence, work papers, and other relative evidence during the contract period of three years.

General

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

The successful respondent shall be required to retain all working papers and related supporting documents, including records of professional time spent, for a period of three years after delivery of the required reports, unless notified in writing by the City of the need to extend the retention period. The Consultant further agrees to allow City staff to review such documents upon written request at any time during the retention period.

IV. PROPOSAL REQUIREMENTS

Proposals will be considered for one, two, or all three components of this RFP.

Each proposal should conform to the following outline. Responses should be as thorough and detailed as possible so that the review committee may properly evaluate your capabilities to provide the required services. However, proposals should not exceed 12 pages nor go below 10 size font excluding other appendixes.

Each Respondent should include the following elements:

- 1) Cover page
- 2) Table of Contents
- 3) 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 of the basic services offered, experience and qualifications of the proposer, staff, subcontractors, and/or suppliers.

4) Questionnaire/Response to Scope of Services

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

5) Attachments

V. QUESTIONNAIRE

A. Company and General Information

- 1) Company name and address.
- 2) 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.
- 3) 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

- 1) 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.
- 2) What is the primary business of the parent company and/or affiliates?
- 3) Which office(s) of your organization will have primary responsibility for managing the user fee study?
- 4) What is your firm's experience conducting Overhead Cost Allocation Plans, User Fee Studies, and/or Development Impact Fee Studies? Identify the studies performed by your firm in the last five years.
- 5) Which office(s) of your organization will have primary responsibility for managing the Cost Allocation Plan?
- 6) What is your firm's experience preparing Full Cost and OMB A-87 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; Federal OMB Circular A-87, etc.)

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

C. Qualifications and Experience of Proposed Project Team

- 1) 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 have worked with in the past three years and their level of involvement.
- 2) Identify and provide the resume(s) of the personnel who will be assigned to this project.

D. Questions/Response to Scope of Services

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

E. Fees

Please provide three copies in a separate envelope marked "Fees."

- 1) Provide your fees for the proposed service. Fee quotes should be detailed by service.
- 2) The fee for year one should include preparation of the Overhead Cost Allocation Plan, User Fee Study and/or the Development Impact Fee Study. The fee for years two through five should only include the update of the plan or study.
- 3) Outline billing and payment expectations, including timing and method of payment.
- 4) Describe any remaining fees not already detailed above.

F. References

- 1) Provide a list of the municipal agencies for which the respondent has conducted an Overhead Cost Recovery Plan, User Fee Study, and/or Development Impact 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.

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

G. Implementation Schedule (if applicable)

Include an implementation schedule with a final report delivery date by November 2015 and note key project milestones and timelines for deliverables. Identify any assumptions used in developing the schedule.

V. 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 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 City.

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) Staff 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) Recent public sector experience, preferably in a municipal setting, conducting similar studies.
- 7) 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.

CITY OF BANNING
PROPOSAL REQUIREMENTS
PROPOSAL LETTER/CERTIFICATE OF ACCEPTANCE

PROPOSER _____

Dean Martin, Interim Administrative Services Director/
Deputy City Manager
CITY OF BANNING
99 East Ramsey Street
Banning, Ca 92220

In response to the Request for Proposal (RFP), for Overhead Cost Allocation Study/User Fee Study/ Development Impact Study, we the undersigned hereby declare that we have carefully read and examined the RFP documents including any plans and specifications, and hereby propose to perform and complete the Work as required in the Contract.

This Contract is not exclusive. CITY OF BANNING expressly reserves the right to contract for performance of services such as those described herein through other Contractors.

The undersigned agrees to supply the Scope of Work at the costs indicated in its cost proposal if its Proposal is accepted within 120 days from the date specified in the RFP for receipt of proposals.

The undersigned has reviewed the enclosed contract terms and conditions and agrees to accept all terms and conditions of CITY OF BANNING's contract unless otherwise noted in the proposal response.

If recommended for Contract award, the undersigned agrees to execute a Contract which will be prepared by CITY OF BANNING for execution, within 10 calendar days following Notification of Award.

The undersigned will also deliver to CITY OF BANNING prior to the commencement of Scope of Work the necessary original Certificates of Insurance. If services are authorized to commence prior to the execution of the Contract pursuant to a Notice to Proceed issued by CITY OF BANNING, pending the execution of the Contract, the services shall be subject to the terms and conditions of the Scope of Work and the Contract as set forth in Parts A and B respectively of the RFP Documents.

Incorporated herein and made a part of this Proposal are the Response Data and Proposal Forms required by the Proposal Requirements.

The undersigned acknowledges receipt, understanding and full consideration of the following Addenda to the RFP Documents:

Addenda No. _____

Proposer represents that the following person is authorized to negotiate on its behalf with CITY OF BANNING in connection with this RFP:

(Name)	(Title)	(Phone)
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The undersigned certifies that it has examined and is fully familiar with all of the provisions of the RFP Documents and is satisfied that they are accurate; that it has carefully checked all the words and figures and all statements made in the Proposal Requirements; that it has satisfied itself with respect to other matters pertaining to the proposal which in any way affect the Work or the cost thereof. The undersigned hereby agrees that CITY OF BANNING will not be responsible for any errors or omissions in these RFP Documents.

Proposer's Business Address
and Telephone/Fax Numbers:

BY: _____
(Signature)

(Type or Print Name)

(Title)