

Capitola City Council

Agenda Report



Meeting: August 24, 2023
From: Finance Department
Subject: Comprehensive Fee Study Agreement

Recommended Action: Authorize the City Manager to execute a Professional Services Agreement with Willdan Financial Services to conduct a Comprehensive User Fee Study and Overhead Cost Allocation Plan in an amount not-to-exceed \$34,910.

Background: The City's last fee study was completed in October 2015. Resulting changes to the fee schedule were approved by the City Council on November 24, 2015, with the adoption of Resolution 4036. That resolution also included the City Council's intention to annually develop and adopt a revised schedule of fees and charges based on the Consumer Price Index (CPI) for the San Francisco, Oakland, San Jose area. The City of Capitola Fee schedule has been revised annually by the CPI.

Discussion: The Government Finance Officers Association Best Management Practices recommends periodically reviewing and updating fees, typically every five years. This periodic review ensures the City's fees are updated to reflect current practices, account for the true cost of providing City services, incorporate provisions for overhead rates and costs related to indirect support, and ensure maximum appropriate cost recovery, so that the revenues generated by fees cover the cost of those services to the greatest extent possible.

Staff had originally intended to conduct the fee study in 2020, however, put the project on hold due to the COVID-19 Pandemic. This project is now ready to move forward, and staff issued a Request for Proposals (RFP) to perform a Comprehensive Fee Study on July 5th with proposals due August 4th. The RFP was sent electronically to five well-known firms as well as posted on the California Society of Municipal Finance Officers web site.

Staff received proposals from five highly qualified firms which were reviewed by Finance Department staff and summarized for the Finance Advisory Committee at their August 15th meeting. Staff is recommending entering into an agreement with Willdan Financial Services based on their proposal, which had the lowest proposed cost, as well as staff's previous work experience on similar projects with several members of the Willdan team.

The following table summarizes the proposed costs for each of the firms:

Firm	Clear Source	Matrix	MGT	RCS	Willdan
Fee Study	\$27,380	\$34,500	\$49,600	\$32,300	\$24,670
Cost Allocation Plan	9,620	8,000	8,980	14,100	10,240
Total	\$37,000	\$42,500	\$58,580	\$46,400	\$34,910

Fiscal Impact: The Adopted FY 2023-24 Budget includes \$50,000 within the Finance Department budget for the completion of the Comprehensive User Fee Study and Overhead Cost Allocation Plan.

Attachments:

1. Professional Services Agreement

Report Prepared By: Report Prepared By: Jim Malberg, Finance Director

Reviewed By: Julia Moss, City Clerk, Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager