

Town of Atherton

RFP for Update Cost Allocation Plan, Fully Burdened Staff Hourly Rate, and Master Fee Schedule



Request for Proposal

Update Town Cost Allocation Plan, Fully Burdened Staff Hourly Rate, and the Master Fee Schedule

Date Issued: February 16, 2023

Date Due: March 3, 2023 at 4:00 p.m.

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TOWN OF ATHERTON, CALIFORNIA

**REQUEST FOR PROPOSAL UPDATE COST ALLOCATION PLAN, FULLY-BURDEN
STAFF HOURLY RATE, AND MASTER FEE SCHEDULE**

I. INTRODUCTION

A. General Information

The Town is soliciting proposals from qualified consulting firms to assist in reviewing and revising the Town's comprehensive cost allocation plans, calculation of fully burdened staff hourly rates, with underlying updates to the town Master Fee Schedule (MFS). The update to the cost allocation plan distributes the general governmental and support services of the Town to the direct services and activities to the public. The cost allocation plan assists the Town in determining the fully loaded cost basis for fees and service charges. The calculated full cost recovery of staff hourly labor rates is a significant part of the comprehensive fee study. The Town last conducted its Cost Allocation Plan (CAP) User Fee Study in August 2013. Since that time, the Town has constructed a new Town Center Building that houses the Town departments of Administration, Finance, Public Works, Community Development, and Police Department services and made modifications to staffing.

The Town has approximately 42 full-time equivalent employees of which 30 are police department personnel. The Town contracts its Planning and Building Department services and contracts a portion of its Public Works staff. Since the last adoption of the CAP and MFS, the Town's fees, excluding building permit fees, have been increased by a yearly CPI. It is the intent that this review of the CAP, Fully Burdened Staff hourly rates, and the MFS consider direct and indirect costs, and central support services costs increases since the last User Fee Study. Part of the fee review should also account for future building and equipment replacement costs of newly constructed facilities and Town unfunded liabilities.

The Town will incorporate the CAP and Fully Burdened Staff Hourly Rates into grant applications, grant reimbursement claims, and interfund/interagency labor distributions. Accordingly, results and recommendations of the Project must comply in all respects with requirements of the California Constitution, Proposition 218, Proposition 26, and federal OMB A-87 and ASMB C-10.

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The Town MFS contains community development fees for building permits, planning fees, and engineering permits fees. The Town also has park rental fees and police services fees. The Town would like a review of its MFS based on an updated CAP and fully burdened staff hourly rates. We seek to update the existing fee schedule to reflect the current cost of providing services and meet the requirement of Proposition 26. There is also a flat fee model for Town Fees. Some Planning and Building permit fees are based on a service requirement factor times a multiplier to calculate a fee for plan review and inspection. This applies to new home construction, and major remodels of habitable and non-habitable construction. The cost of building and planning permits must be designed to allow the Town to recover the full cost of service.

The Town is requesting a report that updates and identifies each Town service, its full cost, the cost currently being recovered, and the recommended cost recovery levels. For each services the report should define and identify direct and indirect costs. The Town has a Comprehensive User Fee Indirect CAP and Production Hourly Rate Calculations for staff that can be used for review as consultant processes and updates a new Town Comprehensive User Fee Study.

The Town is a residential community located in San Mateo County in the San Francisco Bay Area Peninsula. There are no commercial businesses located in the Town. The Town has extensive residential construction and this typically means that permits are issued to a variety of residential development contractors, specialists, and services.

The Consultant shall meet with the Town Staff Team to clarify the intended goals and purpose(s) of the Project; discuss perceived issues; gain an understanding of Town operations; and establish responsibilities. During the course of the Study, the Town may request periodic progress reports. To assure timely availability of staff and other resources, Consultant shall submit a viable work plan to the Finance Director along with a written request for documents and schedules to be prepared by staff, and the dates by which such items are required.

Specific Services Requested of Consultant

1. Cost Allocation Plan – Update the CAP and develop Overhead Rates including overhead rates that can be applied to contractor or consultant rates when seeking cost recovery through fees or other direct charge mechanisms. Provide an Excel based model to the Finance Director for Town’s future use. Present a preliminary plan to the Town and adjust as necessary.

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2. Fully Burdened Staff Hourly Rate – Identify all staff positions whose time can properly be allocated to or among Town departments, funds, programs, activities and/or fees charged for Town services. Determine each staff position’s direct cost (stated USD per hour) that includes fringe benefits (stated both in USD and as a percentage of salary) and overhead rate (stated as a percentage of direct cost). Deliver an Excel-based model(s) to the Finance Director for Town’s future use. Present the Fully Burdened Staff Hourly Rate and Contract Overhead rate to the City Council.
3. Master Fee Schedule – Update existing MFS to reflect the current cost of providing services and meet the requirement of Proposition of 26. Prepare a report that identifies each Town service, its full cost, the costs currently being recovered, and the recommended cost recovery levels. This entails extensive review and potential restructure of planning fees to a cost recovery model similar to building fees. For each activity, the report should define and identify direct and indirect costs. Prepare a report that compares the Town’s fees and service charges to similar cities selected by Town with Consultant’s input. Provide an Excel based model to the Finance Director for Town’s future use. Present initial findings and recommendations to management and adjust as necessary. Prepare and deliver to the City Council a report on findings and recommendations, to facilitate an understanding by the City Council and the public of the methodologies, issues and recommendations resulting from the update.

There is no implied obligation for the Town of Atherton to reimburse the responding consultants for any expenses incurred in preparing proposals in response to this request.

For a consultant to be considered, Town must receive three (3) hard copies and one (1) electronic copy of the proposal by 4:00 pm on Friday March 3, 2023 at the following address:

Attn: Robert Barron, III
Finance Department
Town of Atherton
80 Fair Oaks Lane
Atherton, CA. 94027

rbarron@ci.atherton.ca.us

All proposals must be sealed and marked “Proposal: User Fee Study-Update Cost Allocation Plan, Fully-Burdened Staff Hourly Rate, and Master Fee Schedule” "

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A selection committee will evaluate proposals submitted. During the evaluation process the committee and the Town reserve the right to request additional information or clarifications from proposers. Firms submitting proposals may be subject to in-person interviews as part of the evaluation process.

The Town reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal was selected. Submission of a proposal indicates acceptance by the firm 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 Town of Atherton and the firm selected.

It is anticipated the selection of a firm and approval by City Council will be completed on or after March 15, 2023.

B. Terms of Engagement

A single term contract or until the User Fee Study is completed. Proposal package shall be inclusive of fees for preparation, community meetings, and presentation of the analysis. Conduct periodic coordination meetings with Town staff and designees to review progress and discuss issues.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be performed:

1. The Town requires a consultant to complete an update to a full cost, direct cost allocation plan.
2. Calculate fully burdened hourly rates for each staff position as well as those contract positions that are charged directly to external customers.
3. Review of the Town's current fee schedules, particular review of "flat fees" which assumes that the time for plan review and inspection is relatively constant for each type of project. Also work with staff to identify new fees whether new structures flat fees or service requirement fees.
4. This includes review of building permit fees which use a service requirement factor, the time and resources it takes to services the project time a multiplier to calculate a fee for plan review and inspection. This review of building permits applies to new home construction, major remodels of habitable construction and of non-habitable

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construction. It is important to note that residential construction projects have a limit of three years to completion and the Town does have projects that exceed these limits and are subject to penalty.

5. Interviewing key staff from indirect and direct service departments and calculating the costs of fee generating services.
6. Analyze the cost recovery levels for fee generating services for Community Development Departments (Building, Planning, and Engineering Departments).
7. Provide the Town with various rate fees structures and estimates for Council review, community, and stakeholder input. Provide comparison surveying other cities from other agencies for optimal rate fee methodologies for staff and city council review.
8. Reviewing and updating a fee schedule that fully accounts for the range of services that the Town provides and providing recommendations on how to adjust fees annually.
9. Provide presentation of User Fee Study to the Town Council to review the detail of the project, the methodology used to update and calculate costs with particular review of planning and building fees.
10. The Town expects the consultant to assist and coordinate with the City Attorney to ensure that all legal requirements are met with respect to communication with Proposition 26.

III. DESCRIPTION OF GOVERNMENT

A. Contact Persons

The consultant's principal contact at the Town of Atherton will be Robert Barron III, Finance Director, who will coordinate the assistance to be provided by the Town to the consultant.

B. Background information

The Town of Atherton was incorporated in 1923 as a general law city operating as a Council-Manager form of government. The Town is 5.049 square miles and has a population of about 7,100. It is located in the San Francisco Bay Area peninsula region in San Mateo County. The Town provides most municipal services except for fire protection and water services. The Town also owns a Library building, but the library operation is run by the County of San Mateo through a Library Joint Powers Agreement. The Town has 42 full time employees and has a combined all funds operating budget of approximately \$26 million. It is a residential community; some parcels range from quarter acre lots to 4 acre lots. There is no commercial business located in the Atherton.

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The Town of Atherton uses the following fund types and account groups in its financial reporting:

Governmental Fund Types

General Fund (1)

Special Revenue Funds (7 funds) Capital Project Funds (2)

Proprietary Fund Types

Internal Service Funds (4)

The Town Building and Planning Department functions are performed by two (2) outside private firms. The Public Works Street Maintenance performed by an outside contractor and Park & Facilities Maintenance performed by an outside contractor.

Property Taxes and Community Development Fees are the major sources of revenue for the Town. Town Budgets, Basic Financial Statements, and Current Town Master Fee Schedule are available online at www.ci.atherton.ca.us.

C. Services Provided

The Town of Atherton provides the following services to its citizens:

- General Government
- Public Safety
- Community Development
- Public Works
- Parks
- Capital Projects

IV. TIME REQUIRMENTS

A. Proposal Calendar

The following is the timeline of key dates (subject to change):

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<u>Date</u>	<u>Activity</u>
2/16/23	Request for proposal issued
3/3/2023	Due date for proposals
3/16/23	Notification to selected firm
3/17/23	Contract Date
3/20/23 – 5/31/23	

Review and discuss understanding of Town operations. Meet with Town staff to discuss current Town services provided and its full cost to provide various services. Engage discussions of the process of the cost allocation plan, hourly rate calculations and the user fee study. Identify all staff positions whose time can be properly allocated to departments, funds, programs, activities, and fees charged for Town services to calculate fully burdened rate. Review and understand the flow of direct and indirect costs for each service in updating Cost Allocation Plan. Review cost recovery costs and seek to recover through fees or direct charging mechanisms. Provide progress of the Cost Allocation Plan, Fully Burdened Staff hourly rate and Master Fee schedules updates.

6/7/23 Council Study Session to discuss the User Fee Study and Master Fee Schedule in detail to discuss the cost of service and the alignment of fees to costs.

6/21/23 Review and Adoption of User Fee Study and Master Fee Schedule

V. PROPOSAL REQUIREMENTS

A. Submission of Proposal

The proposal material is required to be received by 4:00 pm on March 3, 2023

B. Proposal Requirements

1. General Requirements

For a consultant to be considered the following is the proposal requirements:

Four (4) hard copies and one (1) electronic copy of the proposal to include the following:

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- Title page – Shows the request for proposal subject, the consultant's name, address and telephone number of the contact person and date of the proposal.
- Transmittal Letter – Signed letter of transmittal acknowledging the proposer's understanding of the work to be performed, commitment to perform the work within the time frame, a statement as why the consultant believes itself to be best qualified to perform the analysis.
- Detailed proposal – the proposal is to demonstrate qualifications and capacity of the consultant to perform the User Fee Study – Update Cost Allocation Plan, Fully Burdened Staff Hourly Rate, and Master Fee Schedule
- Identification of Staff – Proposal shall identify staff to be assigned to the analysis. The proposal should be prepared simply and economically, and concise description of the consultant's qualifications, competence, and capacity of the consultants seeking to undertake this study analysis. Must also demonstrate the capability to satisfy the requirements of the request for proposal.
- Timeline – Proposal shall also include timeline for engagement with Town Staff and City Council.

2. Consultant Qualifications and Experience

The consulting firm should state qualifications for performing the User Fee Study. Identify the number and nature of professional staff to be used in performing this analysis. The consultant should identify the principal supervisor or management staff who would be assigned to this engagement.

3. Prior Engagements with Town of Atherton

The consultant should list separately any professional engagements with Town of Atherton over the past four years and the nature of the type of engagement. A statement is welcomed explaining why such relationships do not present a conflict of interest in performing the proposed analysis.

4. Report Format

The proposal should include sample of reports for the performed analysis.

C. Cost of Proposal

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The cost of the proposal should include all costs directly related to performing the analysis on the Town's Hourly rates of staff performing the analysis should be included. Total maximum bid price is to include all direct and indirect costs.

VI. EVALUATION PROCEDURES

A. Selection Committee

Proposals will be reviewed by a selection committee which is expected to include the following: City Manager, Finance Director, and Public Works Staff.

B. Selection Criteria

Submitted proposals will be evaluated based on professional experience, qualifications, responsiveness, and cost.

C. Final Selection

The City Council will select a firm based upon recommendations from the selection committee.

D. Right to Reject Proposals

The Town reserves the right to reject any or all proposals submitted and to request additional information from proposers. If the Town cannot successfully negotiate a professional agreement acceptable to both parties, the Town reserves the right to award the contract to any firm determined to be qualified to conduct the analysis study.