



## **Item No. 6 Town of Atherton**

### **CITY COUNCIL STAFF REPORT – CONSENT AGENDA**

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**FROM: ROBERT BARRON III, FINANCE DIRECTOR**

**DATE: MARCH 15, 2023**

**SUBJECT: AUTHORIZE THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CAPITAL ACCOUNTING PARTNERS, LLC REGARDING UPDATING THE TOWN'S COST ALLOCATION PLAN AND MASTER FEE SCHEDULE**

### **RECOMMENDATION**

It is recommended that the Council authorize the City Manager to execute a contract agreement with Capital Accounting Partners, LLC (CAP) for professional services regarding updating the Town's Cost Allocation Plan and Master Fee Schedule for a fixed cost not to exceed \$33,710.

### **BACKGROUND**

The Town last adopted a Cost Allocation Plan in 2013. The results of that Plan inform the development of the Town's Master Fee Schedule. The Master Fee Schedule includes all fees charged by all Town Departments. It was recommended that the Town update the Cost Allocation Plan once the Town Center completed and there was sufficient data related to administrative overhead (facility costs). The last increase to the Master Fee Study was in 2020 and the schedule of fees were adjusted to reflect accumulated CPI adjustments. No changes were made to valuation-driven fees (Building and Plan Check Fees) until a new cost study is performed. Valuation-driven fees, such as Building Permit fees and Plan Check fees, have remained consistent with the market since 2013. These fees will be reviewed during this phase of the comprehensive Fee Study.

A detailed Cost Allocation Plan provides detailed cost analyses on which to base new fees. The Cost Allocation Plan will assess the costs and cost recovery of user fees. The plan will focus on reviewing and revising the Town's comprehensive cost allocation plans, calculation of fully burdened staff rates, with the underlying focus to update the Town Master Fee Schedule (MFS). Part of the plan will include a user fee study that updates each Town service, its full cost, the cost currently being recovered, and the recommended cost recovery levels.

### **ANALYSIS**

There is sufficient data to assess the Town's current environment with new facilities, operational needs and costs to provide its core municipal services. The plan is necessary as it is an analysis which distributes the general government and support services of the Town to the direct services and activities provided to the public. The intent is to align cost recovery for services provided with updated costs metrics that for the better part of the last several years have remained static. The fee study will help evaluate current fee structures and may identify new fee areas and revenue sources. A Request for Proposal (RFP) was issued on February 16, 2023. The following three (3) consulting firms responded to the Town's RFP.

<b>Vendor</b>	<b>Bid Amount</b>
Matrix Consulting Services	\$37,000
Capital Accounting Partners	\$33,710
Clear Source Financial Consultants	\$29,520

The Town's management team, including Public Works Director, Finance Director, and Deputy City Manager/City Clerk conducted a review of all proposals. Based on review, all are professionally qualified firms with experience in cost allocation plan and user fee studies. Staff is recommending that the City Council award the contract to Capital Accounting Partners, LLC.

Staff anticipates a completed study and proposed fees to Master Fee Schedule to be adopted at a Public Hearing to tentatively coincide with the adoption of the FY 2023/24 Budget in June 2023

### **FISCAL IMPACT**

None. Any proposed fee adjustments would be incorporated into the Town's Master Fee Schedule and would be reflected in the FY 2023/24 Budget for anticipated revenues. The cost for the Study was contemplated as part of the FY 2022/23 Operating Budget.

### **GOAL ALIGNMENT**

This Report and its contents are in alignment with the following Council Policy Goals:

- Goal Area A – Maintain Fiscal Responsibility

### **POLICY FOCUS**

The City Council's policy discussion should revolve around ensuring the Town's compliance with Proposition 26 which requires the Town's fees to be set at or below full cost recovery.

### **PUBLIC NOTICE**

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents

as well as stakeholders –to include, but be not limited to, media outlets, school districts, Menlo Park Fire Protection District, service provides (water, power, and sewer), and regional elected officials.

**COMMISSION/COMMITTEE FEEDBACK/REFERRAL**

This item has not been before a Town Committee or Commission

**ATTACHMENTS**

1. Proposal from Capital Accounting Partners