



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www. CityofSacramento.org

CONSENT
December 4, 2007

Honorable Mayor and
Members of the City Council

Title: Agreement: City Annual Cost Allocation Plan

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) authorizing the City Manager to execute an agreement with Public Resource Management Group, LLC (PRM) to prepare the City's annual cost allocation plan for a total not-to-exceed amount of \$180,000 (\$60,000 annually) and a term limit of one year with an option to renew for two additional years and 2) authorizing the City Manager to authorize such extension(s) for the annual not to exceed amount specified above, provided that sufficient funds are available in the budget adopted for the applicable Fiscal Year(s).

Contact: Leyne Milstein, Budget Manager, 808-5832; Scott Pettingell, Senior Management Analyst, 808-5814

Presenters: Not Applicable

Department: Department of Finance

Division: Budget, Policy and Planning

Organization No: 1140

Description/Analysis

Issue: The City's annual cost allocation plan (CAP) is critical to ensure the City's ability to fully recover millions of dollars of indirect costs associated with providing services and administering grants and projects. Historically the City has contracted out the preparation of the CAP as it requires a highly specialized set of skills, extensive training and complex computer software.

For the last five years the City has been in agreement with Public Resource Management Group, LLC to perform this project. The agreement with PRM has expired. After releasing a Request for Proposal (RFP) and evaluating all submitted proposals the Department of Finance recommends the award of the

new agreement to PRM for a term of one year with the option to renew for two additional years. The total value of the recommended agreement is \$60,000 annually for a total not-to-exceed amount of \$180,000.

Policy Considerations: The Mayor and City Council have adopted a policy of fiscal sustainability. Development of the annual CAP provides the methodology for the City to recover costs for the provision of reimbursable programs, services and projects. This funding is a key part of the City's budget balancing. .

Committee/Commission Action: There are no prior committee/commission actions related to this recommendation.

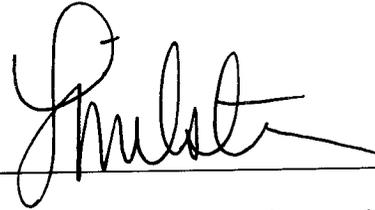
Environmental Considerations: There are no environmental considerations associated with this recommendation.

Rationale for Recommendation: The City relies on the annual cost plan to recover reimbursements for the provision of services related to grants and reimbursable projects. In October, the Department of Finance released a RFP for the development of the annual CAP. In response to the RFP the City received three proposals: Maximus, MuniFinancial, Public Resource Management Group, LLC (PRM). After reviewing each proposal and interviewing each of the firms the Department of Finance recommends the agreement be awarded to PRM. The firm's experience, location, and methodology make them the best choice to provide the required services.

Financial Considerations: The proposed agreement will be funded out of available resources within the Department of Finance's FY2007/08 budget. In acknowledgement of the current City budget shortfall the Department of Finance recommends entering into this agreement for an initial term of one year with an option to renew for two additional years. This approach will allow the Department to evaluate its capacity to fund the agreement on a year to year basis.

Emerging Small Business Development (ESBD): None of the bids received were ESBD certified.

Respectfully Submitted by: _____



Leyne Milstein
Budget Manager

Approved by: _____



Russell Fehr
Director, Department of Finance

Recommendation Approved:



for
RAY KERRIDGE
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING AN AGREEMENT WITH PUBLIC RESOURCE MANAGEMENT GROUP, LLC (PRM) FOR THE PREPERATION OF THE CITY'S ANNUAL COST ALLOCATION PLAN

BACKGROUND

- A. The City's annual cost allocation plan is critical in ensuring the City can fully recover millions of dollars in indirect costs associated with providing services and administering grants and projects.
- B. The City has contracted out this project because it requires a highly specialized set of skills, extensive training and complex computer software.
- C. For the last five years the City has contracted with Public Resource Management Group, LLC to perform this project. The existing agreement with PRM has expired.
- D. The Department of Finance released a Request for Proposal (RFP) and after review of the three responses recommends the award of the agreement to PRM as the firm's experience, location, and methodology make them the best choice to provide the required services for the City.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to execute an agreement with PRM to prepare the City's FY2008/09 annual cost allocation plan including departmental internal cost recovery plans and related projects. This agreement will be in an amount of \$60,000 annually for a total not-to-exceed amount of \$180,000 over the term of the agreement. The term of the agreement is for one initial year with an option to renew two additional years for a total of three years.
- Section 2. The City Manager may authorize such extension(s) for the annual not to exceed amount specified above, provided that sufficient funds are available in the budget adopted for the applicable Fiscal Year(s).