



CITY OF MENIFEE

SUBJECT: Cost of Services Study Agreement with The Matrix Consulting Group, Inc.

MEETING DATE: June 16, 2021

TO: Mayor and City Council

PREPARED BY: Margarita Cornejo, Financial Services Manager

REVIEWED BY: Wendy Preece, Deputy Finance Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve and authorize City Manager to execute professional services agreement with The Matrix Consulting Group, Inc. in the not-to-exceed amount of \$88,000 for Cost Allocation Plan, Citywide User Fee Study and Development Impact Fee Study Review/Update.

DISCUSSION

Cost Allocation Plan & User Fee Study (Cost of Services Study):

Under California law the City is authorized to adopt and implement fees, rates, and charges for services provided that such fees, rates, and charges do not exceed the estimated reasonable cost of providing those services. Staff is seeking a more accurate representation and understanding of the true cost of providing various services and determining the possibilities for modifying current fees to recover the cost of providing services. A Cost of Services Study will allow the City Council to update the City's fees to reflect current costs, or to subsidize a portion of fees for specific activities at the City Council's discretion.

The first component of a Cost of Services Study is a Full Cost Allocation Plan (CAP). The CAP is used to identify and recover indirect costs from special revenue funds and other funds, as well as to establish user fees, permits and applications, billing rates, hourly rates, and costs of special services. Additionally, under the Federal Office of Management and Budget (OMB) Circular A-87 guidelines, which are now codified in the Code of Federal Regulations (CFR) at 2 CFR Part 225, local governments may recover indirect costs on federal and state grants and awards. The full cost information provided in the CAP serves as the basis for proposed updates to the City's fee structure.

The second component of a Cost of Services Study is the User Fee Study which analyzes the direct costs required to provide services to the community in areas such as land development and

community services. The User Fee Study provides a defensible methodology for calculating fees for service and determining the full cost recovery potential of individually based services. The User Fee Study incorporates allocated citywide administrative costs as outlined in the CAP.

It is both common practice and advantageous to the City for a CAP and User Fee Study to be contracted together, and to have these reviewed/updated once every five years. The City of Menifee most recently completed a comprehensive CAP in 2013. User fees across various departments have been periodically updated.

Development Impact Fee Study Review/Update:

The City of Menifee adopted a new Development Impact Fee (DIF) study in December 2017. As part of this project's update efforts, the City will revisit the adopted 2017 DIF study and examine whether its current impact fees are sufficient to meet long-term needs for expected growth in development. The update will include, but is not limited to the following:

- Comparative Impact fee analysis across similar jurisdictions
- Development of an updated impact fee report
- Final Impact Fee Report & implementation Plan incorporating legal justifications for the different fees recommended, and ensuring compliance with state regulations.

Request for Proposal and Evaluation

On March 2, 2021, the City issued a Request for Proposals inviting proposals to develop and prepare a Cost of Services Study and provide a comprehensive review/update of the 2017 DIF Study (RFP). The RFP was posted on the City's online bidding website, PlanetBids. A total of ten firms obtained the RFP package. Four proposals were received. An evaluation committee comprised of staff from the Finance Department, Community Development Department, Building & Safety Department, and Community Services Department evaluated the proposals based on criteria listed in the RFP, including qualifications and experience with similar projects, capacity and technical capabilities, project approach and proposed work plan, costs, and references.

The evaluation committee evaluated the proposals received. The evaluation criteria included qualifications of the firm (30%), proposed team and organization (20%), proposed project approach (30%), cost proposal (15%), and quality and responsiveness of the proposal (5%). Following the initial review of proposals, the top two proposals were invited for finalist interviews. Virtual interviews were conducted the week of May 27, 2021. A summary of the RFP evaluation is provided in the tables below:

Proposal Evaluation:

Firm Name	Cost (\$) Proposal	Proposal Initial Review (Maximum Pts – 100)	Interview Finalist
Matrix Consulting Group, Inc.	\$88,000	83.25	Yes
MGT of America Consulting LLC	\$56,894	83.13	No

Commented [MJ1]: This really under-sells the work that will be done by The Matrix Group on this subject. See Section 5 of Exhibit A to the Contract (at Page 18). It would be better to make clear here that Matrix will prepare a Final Impact Fee Report and Implementation Plan (see in particular, Task 5 @ p. 20).

Suggest adding something to this paragraph.

Commented [MC2R2]: Agreed. Updated with more detail on scope of work

Commented [MC3R2]:

NBS	\$99,985	80.88	No
Willdan Financial Services	\$70,930	86.50	Yes

Interview Finalist Evaluation:

Firm Name	Interview Evaluations (Maximum Pts – 45)
Matrix Consulting Group Inc	38.93
Willdan Financial Services	29.35

Based on the Proposal Initial Review and Finalist Interviews, the Matrix Consulting Group, Inc.'s proposal received overall the highest scoring, particularly in the "Proposed Project Approach" and "Qualifications of the Firm" categories. The proposed team has extensive experience and familiarity with providing such services across the state of California.

As a result of the RFP Evaluation process, staff recommends the following:

- Approve and authorize City Manager to execute professional services agreement with The Matrix Consulting Group, Inc. in the not to exceed amount of \$88,000 for Cost Allocation Plan, Citywide User Fee Study and Development Impact Fee Study Review/Update.

As a result of this evaluation process and based upon the above criteria, The Matrix Consulting Group, Inc. is recommended as the best qualified firm to develop and prepare a new Cost of Services Study.

Although The Matrix Consulting Group was not the lowest cost proposal, the services included in its proposal were the most comprehensive, showed the most complete understanding of the information and resources necessary to complete the projects within the City's required timeline, and exhibited a comprehensive level of experience in completing similar projects in California. The Matrix Consulting Group, Inc. is thoroughly familiar with all relevant federal and State of California cost plan requirements, and the legal issues surrounding Cost Allocation Plans, User Fee Studies, and DIFs.

The project timeline is approximately 22 weeks, or approximately 7-8 months, to complete all three components (CAP, User Fee Study, and DIF Fee Study Update).

STRATEGIC PLAN OBJECTIVE

Responsive and Transparent Community Government

FISCAL IMPACT

The fiscal impact of the proposed professional services agreement with The Matrix Consulting Group, Inc. is \$88,000 and will be covered by available funds within the Fiscal Year 2020/21 adopted budget, within account #100-4220-52800 (Professional Services (Non-Recoverable). No additional budget appropriation action(s) is required.

ATTACHMENTS

1. Matrix Consulting Group, Inc. Agreement