


TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services 
SUBJECT: Contract for State Mandated Cost Claiming Services
DATE: July 6, 1999

Needs: For the City Council to consider adoption of a resolution approving a contract with DMG Maximus (formally David M. Griffith Associates) and authorizing the Director of Administrative Services to execute said contract.

- Facts:
1. Senate Bill 90 adopted many years ago provided that public agencies may be reimbursed for costs associated with compliance with legislation enacted by the State legislature when said legislation forced a mandate on public agencies to undertake some activity wherein costs are incurred.
 2. The City Council has approved annual contracts with David M. Griffith and Associates since at least 1987 to provide SB 90 state mandated cost claiming services on the City's behalf.
 3. A summation of expenditures made and revenues received (cost reimbursed) is provided for your information and review (attached).
 4. While the legislature has had some success in their efforts to eliminate or reduce mandated cost reimbursements, there are still a number of mandates which may be claimed.
 5. Each year the City has filed an estimated claim for the current year and a claim for the prior year's actual costs for which an estimated claim had been previously submitted.
 6. Whether or not the City decides to file a claim for the current year's costs, the City must file an updated claim reflecting actual costs for those claims filed last year on an estimated basis.
 7. The fee paid to David M. Griffith and Associates is fully recoverable as an incurred state mandated cost.

Analysis and Conclusion: As the attached summation illustrates, the costs reimbursed by the State have considerably exceeded the fees paid to David M. Griffith and Associates for preparation of the annual claim.

Many of the mandates are very complicated and would require enormous amounts of time by staff if staff were to attempt preparation of the claim internally. Time is simply not available. Due to the fact that the fee paid for the preparation of the annual claim is fully reimbursable, there would seem to be no reason not to proceed contracting for these services.

Fiscal

Impact:

The filing of the annual claims for reimbursement of mandated costs will generate approximately \$25,000 in General Fund revenues to the City. The cost for DMG Maximus to prepare and file the claims is a claimable expense and sufficient appropriations exist in the Administrative Services budget to cover the cost.

Options:

- a. That the City Council adopt Resolution No. 99- approving the contract with David M. Griffith and Associates for SB 90 mandated cost claiming services and authorize the Director of Administrative Services to execute said contract; or
- b. Amend, modify, or reject the above option.

Exhibit "A"

SB 90 STATE MANDATED COST CLAIMS
SCHEDULE OF FEES PAID AND REVENUES RECEIVED

	<u>Total DMG Payments</u>	<u>Total Claim Revenues</u>
Fiscal Year 1998-99*	\$3,100	\$22,899
Fiscal Year 1997-98	5,377	28,865
Fiscal Year 1996-97	6,021	36,633
Fiscal Year 1995-96	2,200	15,394
Fiscal Year 1994-95	3,692	18,608
Fiscal Year 1993-94	2,659	20,807
Fiscal Year 1992-93	2,857	11,085
Fiscal Year 1991-92	2,908	17,882

*through 5/31/99

RESOLUTION NO. 99-

A RESOLUTION OF THE CITY OF EL PASO DE ROBLES
APPROVING AND AUTHORIZING THE EXECUTION OF A
CONTRACT TO PROVIDE STATE MANDATED COST
CLAIMING SERVICES

WHEREAS, the filing of State mandated cost claims is of financial benefit to the City of Paso Robles; and

WHEREAS, DMG Maximus has adequately provided this service in the past; and

WHEREAS, DMG Maximus has the advantage of this prior experience to prepare and file State mandated cost claims on the City's behalf; and

WHEREAS, the fee for providing this service to the City of Paso Robles is recoverable as a State mandated cost.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the contract attached herewith as Exhibit "A" is hereby approved and the Director of Administrative Services is authorized to execute said contract.

APPROVED AND ADOPTED by the City Council of the City of El Paso de Robles this 6th day of July, 1999.

AYES:

NOES:

ABSENT:

ABSTAIN:

Duane J. Picanco, Mayor

Attest:

Dennis Fansler, City Clerk

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RECEIVED

JUN 11 1999

ADMINISTRATIVE SERVICES

June 8, 1999

Mr. Michael Compton
Director of Administrative Services
City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446

Subject: State Mandated Cost Claiming Services

Dear Mr. Compton:

DMG-MAXIMUS is pleased to submit this proposal to renew its agreement with the City of Paso Robles to provide comprehensive State Mandated Cost Claiming Services for the 1999-2000 fiscal year. We propose to prepare all state mandated cost claims based on claiming instructions issued by the State Controller during the fiscal year.

For the 1999-2000 fiscal year, DMG-MAXIMUS will provide all necessary services to prepare and file the following state mandated cost claims:

- Annual Claims due January 15, 2000
- All Other Eligible New Claims
 - New mandate claims approved by the Commission on State Mandates
 - New claims the Commission is expected to approve in FY 1999-2000
 - All other claims for which claiming instructions are issued in FY 1999-2000

The 1999-2000 fiscal year will be another busy claiming year. Four new claims have been added to the 13 annual fall claims and there will be from five to ten new first-time claiming opportunities. Most of the new claiming opportunities will include new claims covering multiple fiscal years. A discussion of each claiming opportunity is presented below.

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Annual Claims

Annual claims are those claims which are funded in the State Budget and must be filed by the statutory deadline of January 15, 2000. These include actual cost reimbursement claims for fiscal year 1998-99 and estimated reimbursement claims for the 1999-2000 fiscal year. The regular annual claiming cycle should consist of all claims included in last year's claiming instructions, as well as the Regional Housing, Domestic Violence Arrest Policies, Domestic Violence Incident Reporting, Two-way Traffic Signals, and Airport Land Use claims. The 17 possible claims include the following:

- **Absentee Ballots** - election costs associated with issuing and processing absentee ballots.
- **Business Tax Reporting Requirements** - tracking and transmitting FTB-required data for all new and renewal businesses within the city.
- **Open Meetings Act** - agenda preparation, review and posting costs required by the Ralph M. Brown Act.
- **Mandate Reimbursement Process** - costs of participating in the SB 90 process: DMG's fees and local agency staff time.
- **Firefighters' Cancer Presumption** - worker's compensation, benefits, administrative and legal costs in firefighter cancer cases.
- **Peace Officers' Cancer Presumption** - worker's compensation, benefits, administrative and legal costs in peace officer cancer cases.
- **Brendon McGuire Act** - election costs incurred by an agency in the event that an elected candidate dies before taking office.
- **Stolen Vehicle Notification** - notifying vehicle owners or operators regarding the location of their stolen vehicle.
- **Rape Victim Counseling Center Notices** - providing rape victims information regarding counseling and treatment services.
- **Misdemeanors: Booking & Fingerprinting** - time to provide misdemeanor verification that they were booked and fingerprinted.
- **Investment Reports** - rendering Quarterly Investment Reports to the local governing body.
- **Threats Against Peace Officers** - requires local entities to pay moving expenses if there are credible threats against the safety of either the peace officer or immediate family members.
- **Regional Housing Needs Assessment** - specifies detailed requirements for the housing element of a local agency's general plan.

- **Domestic Violence Arrest Policies** – requires the development, adoption, and implementation of arrest policies for domestic violence offenders, as well as requiring peace officers to make reasonable efforts to identify the primary aggressor.
- **Domestic Violence Incident Reporting** – requires certain policy and procedure updates associated with domestic violence incident reporting.
- **Two-way Traffic Signal Communication Controller** – requires local agencies to purchase traffic signals that comply with new state requirements when replacing two-way traffic signals.
- **Airport Land Use Planning** – this requirement would only apply in cases where a city participates in an Airport Land Use Commission.

New Claims Approved By The Commission On State Mandates

These are claims where the Commission has already determined that reimbursable state mandated costs exist. In most cases, the cost components have been developed and only await some fine-tuning before they are sent to the Controller for the preparation of Claiming Instructions. The Controller has 60 days from the date the Commission adopts the cost components (parameters and guidelines) to issue claiming instructions. The City has 120 days to file the claims. The claims approved by the Commission are:

- **SIDS Training for Firefighters** – cost of providing mandatory training to fire fighters when responding to a sudden infant death call.
- **Domestic Violence Arrest & Training Policies** – Certain policy and procedure updates associated with domestic violence arrest and training policies.
- **Very High Fire Hazard** – the cost of developing an ordinance and procedures to comply with the new State program requiring additional actions by all owners that have property in these extra hazardous fire areas.

New Claims Which Appear Likely For Approval By The State

In addition to the claims already approved, there are also other claims that are pending before the Commission, which may be approved in the 1999-2000 fiscal year. In some cases, the only question is the scope of the mandate and not whether a reimbursable mandate exists. The claims in this category include the following:

- **Peace Officers' Procedural Bill of Rights** - procedure for addressing disciplinary and other personnel matters with peace officers that exceeds standards for civil service employees.

- **Standardized Emergency Management System** – requires local agencies to develop a statewide emergency management plan to comply with new State requirements.
- **Sex Offenders: Disclosure of Law Enforcement Officers (Megan's Law)** – requires law enforcement agencies to provide a public access system containing video photographs of sex offenders.
- **Sexual Harassment Training in the Law Enforcement Workplace** – mandated training for peace officers in sexual harassment.
- **Photographic Record of Evidence** – rather than admitting hazardous or dangerous evidence, particularly drugs, in court, same is admitted by photographs.
- **Law Enforcement: Elder Abuse Training** – mandatory training of peace officers in elder abuse.
- **Animal Adoption** – extensive changes in length of time stray animals must be kept before adoption as well as increased record keeping requirements.
- **Health Benefits for Survivors of Peace Officers & Firefighters** – allows survivors and dependents of peace officers and firefighters who die in service to be afforded free health insurance.
- **Law Enforcement Racial and Cultural Diversity Training** – requires peace officers to have mandatory training in racial and cultural diversity.

Other New Claims For Which Claiming Instructions Are Issued

In addition to the above claiming opportunities, it is possible that the Commission on State Mandates or the Legislature will approve other claims before the end of the fiscal year. If the State Controller issues claiming instructions in the 1999-2000 fiscal year, DMG-MAXIMUS will prepare those claims under the provisions of this proposal and the enclosed contract.

COST

DMG-MAXIMUS is proposing the same payment process that you selected last year.

◆ **Annual Fall Claims: *Fixed Fee***

We propose to complete all annual fall state mandated cost reimbursement claims for the City for a fixed fee of three thousand three hundred dollars (\$3,300). This fee will be billed after the claims have been filed with the State on or before January 15, 2000 and is due upon receipt of the invoice.

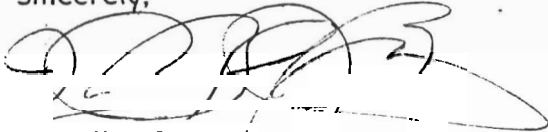
◆ All Other New Claims: *Fixed Fee*

We propose to complete all other new or first-time state mandated cost reimbursement claims for the City for a fixed fee of two thousand two hundred dollars (\$2,200). This fee is due upon receipt of the invoice from the Consultant.

If your agency prefers to structure this agreement differently, we are pleased to discuss it with you. DMG is very flexible and will gladly tailor a payment approach to meet your City's preferences.

We are excited about the State mandated claiming opportunities available to your City this year. If you have any questions, please contact Allan Burdick or me at (916) 485-8102. Thank you for considering our proposal. We look forward to working with you and your staff again.

Sincerely,



J. Bradley Burgess
Vice President

Enclosures

**Agreement to Provide
Mandated Cost Claiming Services**

THIS AGREEMENT, entered into this _____ day of _____, 1999 and effective immediately by and between DMG-MAXIMUS (hereinafter "Consultant") and the City of Paso Robles (hereinafter "City"),

WHEREAS, Article XIII B of the California State Constitution provides that cities may recover costs associated with carrying out programs mandated by the State of California,

WHEREAS, the City desires to obtain maximum reimbursement for costs incurred in carrying out State mandated programs, and has determined that engaging the Consultant to assist in the mandated cost claim preparation process is the most economical and cost effective means for preparing the City's state mandated cost claims; and

WHEREAS, the Consultant is staffed with personnel knowledgeable and experienced in determining the costs of governmental programs and in the submission of cost claims to the State of California, and

WHEREAS, the City desires to engage the Consultant to assist in developing, submitting, and negotiating cost claims pertaining to state mandated programs.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Scope of Services

The Consultant shall prepare claims for reimbursable state mandated costs as provided herein.

A. Annual State Mandated Cost Reimbursement Claims

The Consultant shall prepare and file applicable actual annual state mandated cost reimbursement claims for the 1998-1999 fiscal year and estimated claim(s) for the 1999-2000 fiscal year. The fiscal year 1998-1999 actual claims to be filed are claims that are included in the State Controller's Claiming Instructions that provide for timely filed claims to be submitted by January 15, 2000.

B. All Other Claims for Which Claiming Instructions Are Issued in FY 1999-2000

With the exception of the claims in Scope of Services 1.A. above, the Consultant shall prepare, submit and file on the City's behalf, all other eligible actual and estimated state mandated cost reimbursement claims for which State Controller Claiming Instructions are issued in the 1999-2000 fiscal year.

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2. **Consultant Claim Filing Requirements**

The Consultant shall file these claims to the extent that appropriate documentation is available and verifiable and that claim amounts exceed \$200 per claim.

3. **Costs and Method of Compensation**

A. **Scope of Services 1.A. - Annual State Mandated Cost Reimbursement Claims**

For the services provided pursuant to Scope of Services 1.A., the City agrees to pay the Consultant upon submission of the claims to the State Controller, a fixed fee of three thousand three hundred dollars (\$ 3,300). The fixed fee shall be due upon receipt of Consultant's invoice following submission of such claim(s).

B. **Scope of Services 1.B. - All Other New Claims for Which Claiming Instructions are Issued in FY 1999-2000**

For the services provided pursuant to Scope of Services 1.B, the City agrees to pay the Consultant upon submission of the claims to the State Controller, a fixed fee of two thousand two hundred dollars (\$ 2,200). The fixed fee shall be due upon receipt of Consultant's invoice following submission of such claim(s).

4. **Services and Materials to be Furnished by the City**

The Consultant shall provide guidance to the City in determining the data required for claims submission. The Consultant shall assume all data so provided to be correct. The City further agrees to provide all specifically requested data, documentation and information to the Consultant in a timely manner. Consultant shall make its best effort to file claims in a timely manner pursuant to Scope of Services. Consultant shall not be liable for claims that cannot be filed as a result of inadequate data or data provided in an untimely manner.

For purposes of this Agreement, data that is requested by the Consultant must be provided within three weeks of the request, or three weeks prior to the filing deadline, whichever would come first, to be deemed to have been received in a timely manner. It is the responsibility of the City to provide the Consultant with payment information upon receipt of disbursements from the State for any and all claims filed pursuant to this agreement.

5. **Not Obligated to Third Parties**

The City shall not be obligated or liable hereunder to any party other than the Consultant.

6. **Consultant Liability if Audited**

The Consultant will assume all financial and statistical information provided to the Consultant by City employees or representatives is accurate and complete. Any subsequent disallowance of funds paid to the City under the claims for whatever reason is the sole responsibility of the City.

7. **Indirect Costs**

The cost claims to be submitted by the Consultant may consist of both direct and indirect costs. The Consultant may either utilize the ten percent (10%) indirect cost rate allowed by the State Controller or calculate a higher rate if City records support such a calculation. The Consultant by this Agreement is not required to prepare a central service cost allocation plan or departmental indirect cost rate proposals for the City.

8. **Consultant Assistance if Audited**

If audited, the Consultant shall make workpapers and other records available to the State auditors. If requested by the City, the Consultant shall provide assistance to the City in defending claims at the desk audit level if an audit results in a disallowance of at least twenty percent (20%) or seven hundred fifty dollars (\$750), whichever is greater. Reductions of less than twenty percent (20%) or seven hundred fifty dollars (\$750) shall not be contested by the Consultant. Nothing in this section or any part of this Agreement shall be construed to include Incorrect Reduction Claims preparation.

9. **Insurance**

Consultant shall acquire and maintain appropriate general liability insurance, workers' compensation insurance, automobile insurance, and professional liability insurance.

10. **Changes**

The City may, from time to time, require changes in the scope of services of the Consultant to be performed hereunder. Such changes, which are mutually agreed upon by and between the City and the Consultant, shall be incorporated in written amendment to this agreement.

11. **Termination of Agreement**

If, through any cause, the Consultant shall fail to fulfill in a timely and proper manner its obligation under this agreement, the City shall thereupon have the right to terminate this agreement by giving written notice to the Consultant of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination.

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12. City Contact Person

The City designates the following individual as contact person for this contract:

Name: _____ Telephone: _____

Title: _____ Fax: _____

Address: _____

OFFER IS MADE BY CONSULTANT

OFFER IS ACCEPTED BY CITY

By: _____

J. Bradley Burgess, Vice President
DMG-MAXIMUS

By: _____

City Official

Date: June 8, 1999

Date: _____

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