

RESOLUTION NO. 96-120

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, David M. Griffith and Associates has adequately provided this service in the past; and

WHEREAS, David M. Griffith and Associates 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.

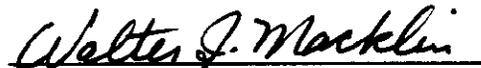
APPROVED AND ADOPTED by the City Council of the City of El Paso de Robles this 17th day of September, 1996.

AYES: Heggarty, Iversen, Martin, Picanco, and Macklin

NOES: None

ABSENT: None

ABSTAIN: None

  
Walter J. Macklin, Mayor

Attest:

  
Richard J. Ramirez, City Manager/City Clerk



DAVID M. GRIFFITH & ASSOCIATES, LTD.  
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ADMINISTRATIVE SERVICES

August 9, 1996

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:

David M. Griffith & Associates, Ltd. (DMG) is pleased to submit this proposal to provide comprehensive state mandate cost claiming services to the City for the 1996-97 fiscal year. With the recent passage of its budget, the State has funded all of last years claims and several others. The State has also made several legislative changes to the mandate reimbursement process, and those changes should result in even more new claims for cities to file this year. In short, it should be a very busy year. The changes this year include the following:

- **Several New Claiming Opportunities** – There should be at least three different claiming cycles this year and several new claims to file.
- **Faster Payment By the State for Funded Mandates** – The law now requires the State to pay within 60 days after the claims are filed when funds are available.
- **Interest Due on Late Payments (over one year)** – The Controller must pay interest on unpaid claims 365 days following the date they were filed.
- **Payment of Open Meeting Act Claims** – While the Controller reduced most of the 1992/93 and 1993/94 fiscal year claims to zero, it has indicated it will pay current claims for which the documented time study sheets have been completed, such as those you prepared last year.

- **Temporary New Guidelines for Reimbursement of Contractor Fees** – There are new temporary payment guidelines for contractors, such as DMG, that prepare claims. The key limit is what it would cost the local agency to do the work itself. In other words, the state will not provide reimbursement above what it would cost you to do the work with city staff. While we do not believe this should affect this agreement, your concurrence is required.

This proposal describes the various claiming opportunities, scope of services, DMG's approach to maximizing your cost recovery, the advantages of having DMG complete your claims, and the costs for providing these comprehensive state mandated cost claiming services.

### **CLAIMING OPPORTUNITIES & SCOPE OF SERVICES**

Beginning with the 1996-97 fiscal year, state mandated cost claiming opportunities will fall into one of three categories: Annual Fall claims; Annual SB 90 Claims Bill claims and Other New Periodic claims. Each of the three general claiming areas are described below:

- **Annual Claims**

The Annual Claims are those claims which are funded in the State's budget and filed each November. For the 1996-97 fiscal year, there is funding for all of the claims included in last year's budget, plus the new law enforcement claims that were funded in last year's Assembly Bill 818. A complete list of these claims is shown on the following page.

- **Senate Bill 91 Claims (1996 State Mandated Cost Appropriation Bill)**

Each year the Legislature is required to consider an annual appropriation bill to fund new programs which are found to contain reimbursable state mandates by the Commission on State Mandates. This year's annual claims bill is Senate Bill 91 (Thompson). While the bill has not passed the Legislature to date, its passage is expected before the Legislature adjourns in September. To date, there is only one new, state mandate for cities, however, it is still possible that other claims could be added to that bill. The current SB 91 mandate that applies to cities is the Missing Persons III Report program for costs incurred in the 1994-95 fiscal year.

- **New Claims Based on Parameters and Guidelines Adopted by the COSM**

In addition to the claiming instructions issued for the Annual Fall Claims and those associated with the annual state mandated appropriations bill (SB 91), it is anticipated that the State Controller will release from one to four new sets of other claiming instructions during the 1996-97 fiscal year. These are for new claims where the Commission on State Mandates has adopted parameters and guidelines sometime prior to May 1, 1997.

<b>1996-97 Annual State Mandated Cost Reimbursement Claims</b>
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|---|--|
| <b>Absentee Ballots</b>                         | ✓ Elections costs associated with the absentee ballots mandated requirements.  |
| <b>Business Tax Reporting Requirements</b>      | ✓ Tracking & transmitting FTB-required data for all new and renewal city businesses.   |
| <b>Firefighters' Cancer Presumption</b>         | ✓ Workers compensation, disability and legal costs in cases of presumptive firefighter cancer cases.                           |
| <b>Open Meetings Act Notices</b>                | ✓ Agenda preparation, review & posting costs required by the Ralph M. Brown Act.   |
| <b>Mandate Reimbursement Process</b>            | ✓ Costs of participating in the SB 90 process: DMG's fees, staff time, and time & payment tracking costs.                      |
| <b>Peace Officers' Cancer Presumption</b>       | ✓ Workers compensation, disability and legal costs in cases of presumptive police cancer cases.                                |
| <b>Brendon McGuire Act</b>                      | ✓ Elections costs incurred by an agency in the event that an elected candidate dies before taking office.                      |
| <b>Stolen Vehicle Notification</b>              | ✓ Cost associated with notifying reporting party of the recovery of a stolen vehicle.  |
| <b>Rape Victim Counseling Center Notices</b>    | ✓ Cost of providing a rape victim with information regarding, and putting them in contact with rape victim counseling centers. |
| <b>Law Enforcement AIDS Testing</b>             | ✓ Providing training and HIV testing of law enforcement officers.  |
| <b>Misdemeanors: Booking and Fingerprinting</b> | ✓ Cost of providing the misdemeanor with a record or verification of the booking or fingerprinting.                            |

As mentioned above, effective July 1, 1996, several new provisions to streamline and expedite state mandated cost reimbursement went into effect. One of the new provisions requires the State Controller to issue claiming instructions within 60 days after the Commission on State Mandates adopts parameters and guidelines for a state mandated local program. The net effect is that beginning this year, the Controller will no longer wait to issue claiming instructions following the passage of the annual appropriation legislation, but instead will issue the claiming instructions following the adoption of the parameters and guidelines by the Commission on State Mandates.

In summary, fiscal year 1996-97 is a transition year which should result in more new claims than in past years.

**OUR APPROACH TO CLAIMING - TAILORED TO FIT YOUR CITY'S SITUATION**

This section describes the general approach for meeting the various claiming deadlines and requirements for the state mandated cost claiming process. We will tailor our approach to fit your City's specific situation.

To make sure there is a complete understanding between all parties, DMG has developed the following approach which should result in the highest supportable reimbursement possible. The following steps will be taken by DMG to complete each claiming cycle:

- **Complete Planning & Scheduling** - For each claiming cycle, DMG will work with the City to develop separate plans and schedules for completing claims. The plan will also identify the roles and responsibilities of all persons involved with the process and the tasks to be completed. Specifically, these activities include:

- DMG consultants will contact the City's SB 90 Coordinator to discuss the approach and tentative schedule for work completion. DMG will also work with the SB 90 Coordinator to identify the primary contact in each applicable department.



- DMG will contact each departmental liaison and provide them with information on the specific mandate reimbursement needs required to file claims applicable to their department.

- **Data Collection from Departments** - DMG will collect mandated program information from all affected departments, as well as, identify administrative and support personnel who should be included in the department's indirect cost rate proposal (ICRP). DMG will review the information and help department personnel understand what tasks are specifically reimbursable through SB 90.

- **Collect Departmental Expenditure Data & Compensation Information** - A key step in the data collection process is to obtain all required financial data from the City's Finance Department. DMG will gather salary and benefit information, annual department expenditure reports, and OMB A-87 cost allocation schedules.

- **Prepare & File Claims** - As the claims are prepared, DMG will inform the SB 90 Coordinator if there are any problems and assist in resolving those problems. After completion of the claims, DMG will send the claims to the City for review and signature. Finally, DMG will deliver the signed claims to the State Controller by the deadline.
- **Organize Work Papers & On-Going Support** - After the claims are filed with the State, DMG will send the City a receipt listing all claims that were filed, and the amounts claimed. This claims receipt will be signed by a representative from the State Controller's Office signifying timely claims submission. We will also respond to requests from the Controller's staff and provide on-going assistance throughout the year.

### **ADVANTAGES OF DMG'S SB 90 SERVICE**

**Knowledge & Experience**

DMG has specialized in the state mandated cost area for over 15 years. We currently prepare SB 90 claims for approximately 160 cities and 30 counties in California. DMG's advice and assistance is often sought by the State Department of Finance, the Controller's Office, the Commission on State Mandates, and State legislative committees.

**Expert Staff**

Our firm has a full-time staff dedicated solely to the research and preparation of SB 90 mandates to identify the exact components which are eligible for reimbursement. We work closely with the State Controller's staff and are often involved in the development and editing of claiming instructions. This access and involvement provides our consultants with invaluable insight, which is essential to high quality claim preparation.

**Service**

We feel that our high level of customer service and attention to detail has lead to our success. Almost all of our State mandated service clients are long-term, repeat clients. Our service doesn't end with the submission of your claims. Responding to State Controller's audits, challenging reductions to your claims, and assisting you in state mandated revenue tracking are examples of our on-going service.

**Increased Recovery For Your Agency**

Our expertise translates directly into higher reimbursements for our clients. Not only are you assured that eligible direct costs will be captured, but our cost accounting emphasis enables us to include all items which are recognized as eligible by OMB A-87 while calculating departmental indirect cost rates.

**Reputation For Quality**

DMG takes pride in our reputation for technical accuracy -- a critical consideration given the increasing scrutiny imposed by State auditors on cost accounting applications. We are endorsed exclusively by both the League of California Cities and the California State Association of Counties in the state mandated cost area.

## **DAVID M. GRIFFITH & ASSOCIATES: Firm Background & Experience**

David M. Griffith & Associates, Ltd. (DMG) is California's leading firm dedicated to providing the public sector with creative revenue enhancement alternatives. Calculating the full costs of government services is the cornerstone to maximizing our clients' revenues. We believe that our expertise will enable your agency to maximize State mandated claims reimbursement with as little effort or disruption to your operation as possible. Since its establishment, DMG's California practice has served over 225 California cities and all 58 counties.

DMG has offices in Sacramento, Cupertino and Pasadena to serve cities throughout California.

## **COSTS AND METHOD OF PAYMENT**

For the 1996-97 fiscal year, we have separated the costs into two components. One for the "Annual Fall Claims" and one for "All Other New Claims." The costs and method of payment for each is described below:

### **Annual Fall Claims**

We propose to complete all annual fall state mandated cost reimbursement claims for a fixed fee of two thousand five hundred dollars (\$ 2,500). This includes all fees and expenses. That fee is due upon completion of the fall claims.

### **All Other New Claims**

These are claims included in the 1996 Annual Claims Bill as well as all claims that are eligible for filing based on State Controller Claiming Instructions issued during the 1996-97 fiscal year. Due to the recent changes in the state mandate area and based on input from several cities, we are offering the following two options for the cost and payment of "All Other New Claims." At its discretion, the City can select the option it prefers. The two options and costs are as follows:

#### **1. Fixed Fee -- Option 1**

DMG will complete "All Other New Claims" for a fixed fee of two thousand dollars (\$ 2,000). This fee will be due at the end of the fiscal year or immediately following the filing date for the last set of claims, whichever is later.

#### **2. Contingent Fee -- Option 2**

DMG will complete the claims in the "All Other New Claims" category for a fee equal to thirty percent (30%) of all claims filed and paid to a maximum of two thousand two hundred and fifty dollars (\$ 2,250). In the event the amount claimed is less than \$1,667, there is a minimum payment of \$500. Payment for contingent claiming shall be made from monies actually received from the State.

DMG will include both fees (Annual Claims and All Other New Claims) in the City's FY 1996-97 estimated Mandate Reimbursement Process Claim that will be filed this November. The City should receive payment for that claim by February, 1997.

### **New Rules on Payment to Contractors**

The State Budget contains language instructing the Controller how to review payments to contractors that assist with the claim preparation process. The new guidelines limit reimbursement to the lesser of either (1) 10% of the amount of the claims filed (not paid), or (2) what it would cost the City to do the work itself. If the consultant's fee is greater than (1) or (2), the City must submit appropriate documentation to show that the preparation of these claims could not have been accomplished without incurring additional costs. To address the second test, the Controller will allow an agency to have a provision placed in the contract, or some other document which is certified by the governing body or its designee, that the cost if the City employees completed the work would not exceed the amount charged by the contractor. You will find such a statement in the contract which is attached. We believe the City should still receive most, if not full reimbursement of DMG's fees.

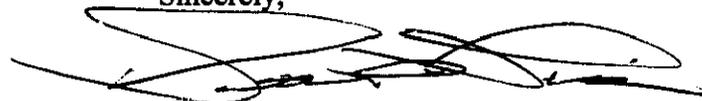
### **Contracts Enclosed**

For your convenience, we have enclosed two copies of an executed contract for claim filing services. If you wish to retain our services, simply sign and return one copy of the executed Agreement to DMG. To guarantee acceptance, the attached Agreement must be signed and returned by September 20, 1996 so we can complete all work before the November 30, 1996 deadline.

If you would prefer to work under a purchase order or some other arrangement, DMG is very flexible and will gladly tailor its approach to meet your City's preference.

If you have any questions, please contact Brad Burgess or me at (916) 485-8102. Thank you for considering our proposal.

Sincerely,



Allan P. Burdick  
Vice President

Enclosures