



Administrative Report

H.16., File # 21-3164

Meeting Date: 10/19/2021

To: MAYOR AND CITY COUNCIL
From: JENNIFER PAUL, FINANCE DIRECTOR

TITLE

APPROVE AGREEMENT WITH MGT OF AMERICA CONSULTING, LLC FOR PREPARING AND FILING SB 90 COST CLAIMS TO OBTAIN REIMBURSEMENT FOR STATE-MANDATED PROGRAMS IN AN AMOUNT NOT TO EXCEED \$21,500 FOR THE TERM OCTOBER 19, 2021 TO OCTOBER 18, 2026.

EXECUTIVE SUMMARY

The California Constitution and California Government Code require the state to reimburse cities and counties for State-mandated services and programs. The concept of state reimbursement of local agencies for state-mandated activities originated with the Property Tax Relief Act of 1972, known as Senate Bill (SB) 90. In FY20-21, the City received \$21,240 in reimbursements from SB 90 claims.

The City's agreement with MGT of America Consulting, LLC to provide SB 90 cost-claiming services has expired. After contacted other nearby cities to obtain the names of firms providing SB 90 cost-claiming services, Financial Services staff requested proposals from three (3) firms: Cost Recovery Systems, Inc. (CRS); Nichols Consulting, LLC; and MGT of America Consulting, LLC (MGT). CRS and MGT submitted proposals. Nichols Consulting did not respond.

After reviewing the proposals received, staff recommends City Council approve a five-year agreement with MGT due to providing the City with the lowest cost proposal, having extensive knowledge and understanding of the City's claims and eligible programs and a history of providing the City with excellent service for many years. MGT currently provides SB 90 cost-claiming services to over 140 cities and counties in California, including Hermosa Beach, El Segundo, Huntington Beach, Inglewood, Anaheim, Burbank and Santa Barbara.

BACKGROUND

The passage of Senate Bill (SB) 90 and other legislation authorized the state to reimburse cities for state-mandated programs and established a cost-claiming process for cities to obtain reimbursement from the state.

In recent years, the City has filed SB 90 claims for the following programs: Domestic Violence Arrests and Victim Assistance; Administrative License Suspension - Per Se; Peace Officers Procedural Bill of Rights; and Domestic Violence Arrest Policies and Standards. A more comprehensive list of existing state-mandated cost programs is included in Attachment "A" of this

report.

The following is a breakdown of the amount of revenue received from reimbursements related to SB 90 claims over the last three (3) fiscal years:

- FY2020-21 \$21,240
- FY2019-20 \$30,286
- FY2019-18 \$17,500

Due to the expiration of the MGT agreement, the City contacted three (3) firms: Cost Recovery Systems, Inc. (CRS); Nichols Consulting, LLC; and MGT of America Consulting, LLC (MGT).

The City received proposals for a five-year agreement from the following:

- CRS \$27,500 (+\$800 to \$900 for each additional claim over 6 claims per year)
- MGT \$21,500 (No limit on the number of claims filed)

Approval of the five-year agreement with MGT will enable the City to continue the process of filing SB 90 claims with the State Controller's Office to receive reimbursement of costs associated with state-mandated programs and services. In addition to annual and new claim preparation, the agreement with MGT includes audit assistance; technical and program training; and information reporting on SB 90 payments and activities.

COORDINATION

The City Attorney's Office has reviewed and approved the agreement as to form.

FISCAL IMPACT

Reimbursements from SB 90 claims provide additional revenue to the General Fund. The annual cost of this agreement (\$4,200 in FY 2021-22 with comparable annual costs for each of the subsequent years) will be funded from the Financial Services budget and is offset by the revenue received from reimbursements.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Attachment A - List of State-Mandated Cost Programs

MGT of America Consulting, LLC - Agreement, Signature and Insurance

MGT of America Consulting, LLC - Proposal