



DATE: May 7, 2008

TO: Honorable Mayor and City Councilmembers

FROM: Development Services Department

SUBJECT: **APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT FOR A DEPARTMENTAL PRODUCTIVITY AND FEE STUDY**

SYNOPSIS

Staff recommends that the City Council approve a professional services agreement with Matrix Consulting Group, of Palo Alto, in the amount of \$120,000 for a productivity and fee study of the Development Services Department and Fire Prevention, and authorize the City Manager to execute the agreement.

BACKGROUND

Effective November 12, 2007, the Development Services Department was formed encompassing the Planning, Engineering and Building Divisions to improve efficiency and coordination in the processing of development applications. During a departmental request for fee increases for development-related services in December 2007, the City Council focused on the productivity of the new department and directed staff to undertake a review of processing procedures and an efficiency study for the newly formed department. Staff was further instructed that any future requests for fee increases would need to be supported by the study.

ANALYSIS

In January 2008, a Request for Proposals for a Development Productivity and Fee Study was sent to 20 firms throughout California and resulted in five responses. Staff from Engineering, Building, Planning and Fire was joined by representatives from the Economic Development and Planning Commissions and a representative of the development community, to narrow the group to three firms, which were subsequently interviewed by the same group. It was unanimously agreed that Matrix Consulting Group was the firm most capable of the organizational study due to its wide range of national experience and its directness in responding to questions.

The work will be conducted in two phases: an in-depth organizational study, to be completed in 120 days, with a follow-up of the actual costs involved in providing development services. The organizational study will analyze the processes and staffing currently in place and the changes that will improve the predictability, efficiency and

collaborations of those processes and practices. Furthermore, it will make recommendations regarding the levels of staffing, work practices, service levels and the plan of organization. The process will include an initial profile of the department, focus groups with the development community, benchmarking with like jurisdictions, an employee survey, and process review. Throughout the process, the Matrix Group will provide written documentation of findings at each stage of its review, with a development plan of implementation at the completion of the study.

In addition, alternative methods for establishing fees will be identified for Council consideration at a later date. The user fee study will identify the actual costs of providing each service, including direct employee salaries and departmental expenditures as well as overhead, cross-departmental support and off-budget items such as technology-related costs. Analysis will be performed on appropriate percentages of staff time that should be recovered from fees, whether full-cost recovery of services is warranted, how to recover interdepartmental processing costs and the appropriate type of fee structures for each division. Senior staff will work with the Matrix Group to develop a cost-recovery policy and recommend fee levels, along with implementation strategies and timelines. The final report will summarize the study and recommendations.

FISCAL IMPACT

There are funds available in the current fiscal year to pay for the study in account 101.274630.5241. The efficiency study is priced at \$79,500 and the fee study is priced separately at \$40,500 for a total of \$120,000. It is expected that the productivity study will pay for itself over a period of two years with improved workflow procedures and that the fee study will identify the true costs of providing the services.

INSURANCE REQUIREMENTS

The City's standard insurance requirements will be provided.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

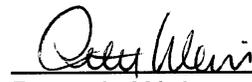
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PREPARED BY:

SUBMITTED BY:



Lauren Wasserman
Interim Development Services Director



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Jerry Hittleman, City Planner

Scott O. Smith, City Engineer

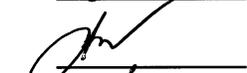
James Zicaro, Chief Building Official

Terry Garrison, Fire Chief

Teri Ferro, Financial Services Director











CITY OF OCEANSIDE

PROFESSIONAL SERVICES AGREEMENT

PROJECT: DEVELOPMENT SERVICES PRODUCTIVITY AND FEE STUDY

THIS AGREEMENT is made and entered into this ____ day of _____, 2008, by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and MATRIX CONSULTING GROUP, hereinafter designated as "CONSULTANT."

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **SCOPE OF WORK.** The project is more particularly described as follows: Development Services Productivity and User Fee Study as outlined in the Request for Proposals dated January 2, 2008.
2. **INDEPENDENT CONTRACTOR.** CONSULTANT'S relationship to the CITY shall be that of an independent contractor. CONSULTANT shall have no authority, express or implied, to act on behalf of the CITY as an agent, or to bind the CITY to any obligation whatsoever, unless specifically authorized in writing by the Development Services Director. The CONSULTANT shall not be authorized to communicate directly with, nor in any way direct the actions of, any bidder or the construction contractor for this project without the prior written authorization by the Development Services Director. CONSULTANT shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. CONSULTANT shall report to the CITY any and all employees, agents, and consultants performing work in connection with this project, and all shall be subject to the approval of the CITY.
3. **WORKERS' COMPENSATION.** Pursuant to Labor Code section 1861, the CONSULTANT hereby certifies that the CONSULTANT is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and the CONSULTANT will comply with such provisions, and provide certification of such compliance as a part of this Agreement.
4. **LIABILITY INSURANCE.**
 - 4.1. CONSULTANT shall, throughout the duration of this Agreement maintain comprehensive general liability and property damage insurance, or commercial

DEVELOPMENT SERVICES PRODUCTIVITY AND FEE STUDY

general liability insurance, covering all operations of CONSULTANT, its agents and employees, performed in connection with this Agreement including but not limited to premises and automobile.

4.2 CONSULTANT shall maintain liability insurance in the following minimum limits:

Comprehensive General Liability Insurance

(bodily injury and property damage)

Combined Single Limit Per Occurrence	\$ 1,000,000
General Aggregate	\$ 2,000,000*

Commercial General Liability Insurance

(bodily injury and property damage)

General limit per occurrence	\$ 1,000,000
General limit project specific aggregate	\$ 2,000,000

<u>Automobile Liability Insurance</u>	\$ 1,000,000
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*General aggregate per year, or part thereof, with respect to losses or other acts or omissions of CONSULTANT under this Agreement.

4.3 If coverage is provided through a Commercial General Liability Insurance policy, a minimum of 50% of each of the aggregate limits shall remain available at all times. If over 50% of any aggregate limit has been paid or reserved, the CITY may require additional coverage to be purchased by the CONSULTANT to restore the required limits. The CONSULTANT shall also notify the CITY'S Project Manager promptly of all losses or claims over \$25,000 resulting from work performed under this contract, or any loss or claim against the CONSULTANT resulting from any of the CONSULTANT'S work.

4.4 All insurance companies affording coverage to the CONSULTANT for the purposes of this Section shall add the City of Oceanside as "additional insured" under the designated insurance policy for all work performed under this agreement. Insurance coverage provided to the City as additional insured shall be primary insurance and other insurance maintained by the City of Oceanside, its officers, agents, and employees shall be excess only and not contributing with insurance provided pursuant to this Section.

4.5 All insurance companies affording coverage to the CONSULTANT pursuant to this agreement shall be insurance organizations admitted by the Insurance Commissioner of the State of California to transact business of insurance in the state or be rated as

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A-X or higher by A.M. Best.

- 4.6 All insurance companies affording coverage shall provide thirty (30) days written notice to the CITY should the policy be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.
- 4.7 CONSULTANT shall provide evidence of compliance with the insurance requirements listed above by providing a Certificate of Insurance, in a form satisfactory to the City Attorney, concurrently with the submittal of this Agreement.
- 4.8 CONSULTANT shall provide a substitute Certificate of Insurance no later than thirty (30) days prior to the policy expiration date. Failure by the CONSULTANT to provide such a substitution and extend the policy expiration date shall be considered a default by CONSULTANT and may subject the CONSULTANT to a suspension or termination of work under the Agreement.
- 4.9 Maintenance of insurance by the CONSULTANT as specified in this Agreement shall in no way be interpreted as relieving the CONSULTANT of any responsibility whatsoever and the CONSULTANT may carry, at its own expense, such additional insurance as it deems necessary.
5. **PROFESSIONAL ERRORS AND OMISSIONS INSURANCE.** Throughout the duration of this Agreement and four (4) years thereafter, the CONSULTANT shall maintain professional errors and omissions insurance for work performed in connection with this Agreement in the minimum amount of One Million Dollars (\$1,000,000.00).

CONSULTANT shall provide evidence of compliance with these insurance requirements by providing a Certificate of Insurance.

6. **CONSULTANT'S INDEMNIFICATION OF CITY.** CONSULTANT shall indemnify and hold harmless the CITY and its officers, agents and employees against all claims for damages to persons or property arising out of the negligent acts, errors or omissions or wrongful acts or conduct of the CONSULTANT, or its employees, agents, subcontractors, or others in connection with the execution of the work covered by this Agreement, except for those claims arising from the willful misconduct, sole negligence or active negligence of the CITY, its officers, agents, or employees. CONSULTANT'S indemnification shall include any and all costs, expenses, attorneys' fees, expert fees and liability assessed against or incurred by the CITY, its officers, agents, or employees in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, CONSULTANT at its own expense shall, upon written request by the CITY, defend any such suit or action

DEVELOPMENT SERVICES PRODUCTIVITY AND FEE STUDY

brought against the CITY, its officers, agents, or employees resulting or arising from the conduct, tortious acts or omissions of the CONSULTANT.

CONSULTANT'S indemnification of CITY shall not be limited by any prior or subsequent declaration by the CONSULTANT.

7. **COMPENSATION.** CONSULTANT'S compensation for all work performed in accordance with this Agreement, shall not exceed the total contract price of \$79,500 for the Development Productivity Study and \$40,500 for the User Fee Study.

No work shall be performed by CONSULTANT in excess of the total contract price without prior written approval of the Development Services Director. CONSULTANT shall obtain approval by the Development Services Director prior to performing any work, which results in incidental expenses to CITY.

8. **TIMING REQUIREMENTS.** Time is of the essence in the performance of work under this Agreement and the timing requirements shall be strictly adhered to unless otherwise modified in writing. All work shall be completed in every detail to the satisfaction of the Development Services Director within 150 calendar days, unless otherwise extended by the Development Services Director.
9. **ENTIRE AGREEMENT.** This Agreement comprises the entire integrated understanding between CITY and CONSULTANT concerning the work to be performed for this project and supersedes all prior negotiations, representations, or agreements.
10. **INTERPRETATION OF THE AGREEMENT.** The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. The Agreement does not limit any other rights or remedies available to CITY.

The CONSULTANT shall be responsible for complying with all local, state, and federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

11. **AGREEMENT MODIFICATION.** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
12. **SIGNATURES.** The individuals executing this Agreement represent and warrant

DEVELOPMENT SERVICES PRODUCTIVITY AND FEE STUDY

that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Professional Services Agreement to be executed by setting hereunto their signatures this _____ day of _____, 2008.

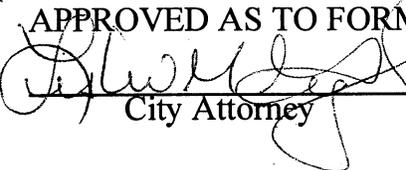
MATRIX CONSULTING GROUP

CITY OF OCEANSIDE

By:  PRESIDENT
Name/Title RICHARD P. GRAY

By: _____
Peter A. Weiss, City Manager

By:  VICE PRESIDENT
Name/Title
05-0545979
Employer ID No.

APPROVED AS TO FORM:
 DCA
City Attorney

NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

ACKNOWLEDGMENT

State of California
County of Santa Clara

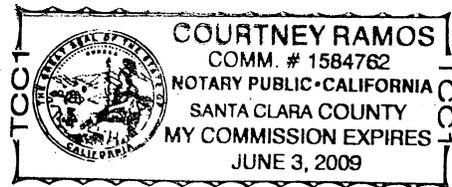
On 4/24/08 before me, Courtney Ramos, Notary Public,
(here insert name and title of the officer)

personally appeared Richard Brady

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Courtney Ramos



(Seal)

ACKNOWLEDGMENT

State of California
County of Santa Clara

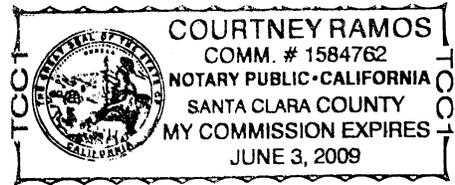
On 4/24/08 before me, Courtney Ramos, Notary Public,
(here insert name and title of the officer)

personally appeared Gary Goelitz

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acknowledged to me that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),
or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Courtney Ramos



(Seal)