



**AGENDA MEMORANDUM**  
Action Item for the City Council Meeting January 25, 2022

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**DATE:** January 25, 2022

**TO:** Peter Zanoni, City Manager

**FROM:** Heather Hulbert, CPA, CGFO, Director of Finance and Procurement  
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<b>Service Agreement for Cost Allocation Plan</b>
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**CAPTION:**

Motion authorizing a five-year service agreement with MGT of America Consulting, LLC of Fort Worth, Texas, for annual Cost Allocation Plans that allocate indirect costs to all City Departments, in an amount of \$77,800.00, effective upon issuance of a notice to proceed, with FY 2022 funding in an amount of \$15,000.00 in the General Fund.

**SUMMARY:**

This motion authorizes a five-year service agreement with MGT of America Consulting, LLC, in the amount of \$77,800.00 for annual Cost Allocation Plans.

**BACKGROUND AND FINDINGS:**

Cost allocation plans are management information tools that go beyond budget and year-end accounting documents to describe the actual cost of providing services to the public. The City will use the cost allocation plans to calculate and spread agency-wide indirect cost to departments, for example Parks and Recreation, Utilities departments and Tax Increment Financing Zones that receive a service from other departments such as Payroll or Legal. When the value of all central services are accumulated and added to the departmental expenditures, the actual cost of providing the service is the result.

A cost allocation plan is composed of five primary components:

- Central services departments

- Benefiting departments
- Expenditures of central services departments
- Functions or activities carried out by central service departments, and
- Means of allocating the functions or activities of central service departments

The cost allocation plan will include a Federal CFR (Code of Federal Regulations) Part 200 cost allocation plan that conforms to all applicable federal and state regulations and guidelines to be used to recover costs charged to federal and state grants.

The City will use these plans to recover indirect costs charged to the City enterprise and special revenues funds and federal and state grants.

**PROCUREMENT DETAIL:**

Finance-Procurement conducted a competitive Request for Proposal (RFP 3766) to obtain qualified firms to provide Cost Allocation Plan Services. The City received three responsive, responsible proposals and evaluated them against the published criteria. The City considered two firms as finalists, and interviews and pricing were evaluated. The final scores were tabulated for each firm to determine the highest-ranking firm offering the best value to the City. Staff is recommending award to MGT of America Consulting, LLC, as the highest-ranking firm. MGT of America Consulting, LLC is the current service provider with the cost difference of \$8,900 between the current agreement and the proposed new agreement.

**ALTERNATIVES:**

The City could not recover indirect costs from enterprise and special revenue funds and federal and state grants, or the City could prepare a cost allocation plan in-house without the benefit of proprietary software and expertise provided by the consulting firm. The Federal CFR Part 200 allocation plan would likely not be accepted by grantor agencies.

**FISCAL IMPACT:**

The fiscal impact in FY2022 is \$15,000. The remaining cost will be budgeted through the annual budgeting process.

**FUNDING DETAIL:**

Fund:	1020	General Fund
Organization/Activity:	10751	Accounting Operations
Mission Element:	182	Produce financial reports
Project # (CIP Only):		
Account:	530000	Professional Services

**RECOMMENDATION:**

Staff recommends approval of this motion.

**LIST OF SUPPORTING DOCUMENTS:**

Service Agreement  
 Evaluation Matrix