



## Legislation Details (With Text)

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**Title:** Award SB 90 Cost Reimbursement Claim Services Contract to Cost Recovery Systems, Inc.  
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**Attachments:** 1. SB90 Proposals Matrix 4-29-16.pdf, 2. SB90 Committee Report.pdf

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9/15/2016	1	City Council	approved	Pass

## REPORT TO THE CITY COUNCIL

**September 15, 2016**

**FROM:** Michael Lima, Controller  
Finance Department

**BY:** S. Kim Jackson, Administrative Manager  
Finance Department

## SUBJECT

Award SB 90 Cost Reimbursement Claim Services Contract to Cost Recovery Systems, Inc.

## RECOMMENDATION

Staff recommends that the City Council approve and award a consulting contract for SB 90 reimbursement claim services to Cost Recovery Systems, Inc. The agreement will consist of an initial four-year term, with three one-year extension options. The agency will provide filing and monitoring services related to State-mandated cost reimbursement claims for various City of Fresno departments.

## EXECUTIVE SUMMARY

Staff recommends the awarding of a contract to Cost Recovery Systems, who provided the most responsive and responsible response to the Request for Proposals (RFP) for SB 90 Cost Reimbursement Claim Services. The selected consultant demonstrated comprehensive compliance with the requirements set forth in the RFP. The selection of this consultant will enable various City departments to take advantage of submitting reimbursement claim requests for programs mandated by the State of California, which will assist in funding those required programs in future years.

## BACKGROUND

With the expiration of the previous contract for SB 90 cost reimbursement claim services, City staff issued a new RFP to solicit proposals to provide these services over the next few years. The RFP requested proposals from qualified consultants, who would provide cost reimbursement services on a contractual basis in order to obtain the maximum reimbursement allowed for verified costs incurred by the City in carrying out state-mandated programs. Reputation, efficiency, knowledge in all facets of the state-mandated reimbursements process, experience in working with municipal governments of a similar size, and a demonstrated high rate of successful reimbursements were desired attributes. In addition, the ideal consultant would provide services that include collection, documentation, preparation, filing, and monitoring of state-mandated reimbursement claims on the City's behalf. Fourteen (14) proposals were distributed to prospective proposers. Two (2) proposals were received and subsequently opened on the submission deadline of April 19, 2016.

An RFP review committee consisting of two (2) members from the Finance Department, one (1) member from the Police Department, and 1 member from City of Clovis was established to review the proposals (see attached Report from the Evaluation Committee). The Committee recommended awarding the contract to Cost Recovery Systems, Inc. in the amount of not to exceed \$17,000.00 annually. Cost Recovery Systems, Inc. offered the lowest proposal at \$13,000 annually over the first four (4) year contract term with respect to existing state-mandated programs, with a 'Not to Exceed' amount per year of an additional \$4,000 annually for any and all new mandated programs over the life of the contract. They have over 20 years of experience in the state-mandated cost claiming industry, including 17 years working with the City of Fresno. Cost Recovery Systems, Inc. currently provides SB 90 claim services to several California cities, including Palmdale, Roseville, and West Hollywood. Their proposal met all the RFP requirements and offered the City a cost-effective rate. References submitted with their response were contacted, with two of three responding and stating that Cost Recovery System's service was excellent.

With respect to the second responder, MGT of America, the Committee determined that the respondent's proposal was the highest priced proposal. While price is not the sole factor in deciding which proposer will provide the City with the best value, MGT's proposed amount of \$43,000 was more than 150% higher than the price offered by Cost Recovery Systems, Inc. Despite the discrepancy in cost, MGT's proposal met the RFP requirements, as they demonstrated they could meet the required level of service.

## ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines Section 15378, this item does not qualify as a "project" and is therefore exempt from the California Environmental Quality Act requirements.

## LOCAL PREFERENCE

The local preference criteria were not implemented as there were no proposals submitted by local businesses.

## CONCLUSIONS AND RECOMMENDATIONS

Staff recommends that the City Council approve and award a four-year contract, with three one-year extension options, to Cost Recovery Systems, Inc., to provide SB 90 cost reimbursement services. This proposer offered the lowest cost for existing claims, as well as the lowest cost for all new mandated claims (fixed for a maximum of 10 new or amended claims). Additionally, other related services (audit support, Incorrect Reduction Claims filings and test claim filings) will also be provided under this contract.

## FISCAL IMPACT

In the last two years, the City received approximately \$6,000,000 deposited into the General Fund from the Claim Reimbursement Program. However five years ago, the State retained all funds for any claims in order to balance their budget. While it is difficult to project exactly how much reimbursement for these claims will be received each year, the City has submitted claims totaling \$13.3 million dollars over the last five years. Under State law, the City will be reimbursed for these claims as funds become appropriated in the State's budget.

Attachment:  
Committee Selection Matrix

Committee Report