

CITY OF NEWPORT BEACH  
**FINANCE COMMITTEE STAFF REPORT**

February 13, 2012

**TO:** HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Tracy McCraner, Director  
949-644-3123, tmccraner@newportbeachca.gov

**PREPARED BY:** Evelyn Tseng, Revenue Manager

**APPROVED:** \_\_\_\_\_

**TITLE:** Agreement with Maximus Consulting Services, Inc. to File State  
Mandate Reimbursement Claims

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**ABSTRACT:**

The City may be entitled to reimbursements from the State of California, for costs associated with unfunded state-mandated costs during the periods of July 1, 2009 through June 30, 2010, and for July 1, 2010 through June 30, 2011. The Finance Department would like to ensure that these claims are filed appropriately and timely. Maximus Consulting Services, Inc. ("Maximus") is able to file the reimbursement claims on behalf of the City, and has agreed to compensation based on actual reimbursement from the State. The City should net approximately \$253,000 if the State pays both claims. Finance would also have Maximus file the Mandatory Reimbursement Process claims for 2012 and net the City \$206,000.

**RECOMMENDATION:**

Staff recommends

- 1) City Council authorize the Mayor and City Clerk to execute a Professional Services Agreement with Maximus in substantially the same form as attached (Exhibit "A") authorizing Maximus to file the State Mandate reimbursement claims for July 1, 2009 through June 30, 2010, and for July 1, 2010 through June 30, 2011, and to also file a claim for 2012 related to the City's Mandatory Reimbursement Process claim;
- 2) That Council waive Council Policy F-14 and authorize the City to engage Maximus for these services on a Single Source basis without obtaining competitive proposals.

**FUNDING REQUIREMENTS:**

There is no expenditure of funds required with this action.

**DISCUSSION:**

Each year, the State reimburses local agencies for the costs of mandated State programs. A local agency receives reimbursement if:

1. The Commission on State Mandates determines, through a review process of “test claims” submitted by local governments, that a mandate exists; and
2. The local government submits claims for reimbursement each fiscal year.

Since 1998, Maximus has prepared test claims on the City’s behalf and pursued resolution of these claims with the State Commission on State Mandates. Maximus prepared and submitted documents for the following test claims: Administrative License Suspension, Domestic Violence Arrest Policies and Standards, Domestic Violence Arrests and Victim Assistance, Health Benefits for Survivors of Peace Officers and Firefighters, Open Meetings Act, Peace Officers Procedural Bill of Rights, Rape Victim Counseling Center Notices, Crime Statistic Reporting for the DOJ and Identity Theft.

The total amount charged by Maximus for this work is \$316,955 (invoice detail attached as Exhibit “B”). Pursuant to its 1998 agreement (attached as Exhibit “C”), Maximus’ compensation was conditioned upon a determination of a reimbursable mandate for any portion of the costs that parties mutually agreed to pursue. To date, Maximus has not been compensated; however, the Commission on State Mandates has issued Statements of Decision, approving reimbursement for each of the test claims listed above.

Maximus is willing to prepare and file claims for reimbursement for these mandates for 2009 – 2010, and for 2010-2011. Provided the City receives funds from these claims, the City will pay Maximus for 75% of the test claim preparation work between 1998 and 2010, or \$237,716. Maximus estimates that the City will receive approximately \$491,000 from these claims, netting the City \$253,000.

In addition, Maximus will also file the Mandatory Reimbursement Process claims for 2012. If the State pays for these claims, the City may receive approximately \$285,000. If the City receives these funds, City will pay Maximus the remaining 25% of its invoice, or \$79,000 from these funds, so the City will net \$206,000.

In accordance with the Administrative Procedures related to Council Policy F-14, Authority to Contract for Services, single source contract award without obtaining competitive proposals is permitted when the procurement process is either impossible or impractical. Due to the short timeframe before claim submittals are due and Maximus’ extensive work history and familiarity with the City’s reimbursement claim

process, staff requests that Council authorize a single source contract award with Maximus.

The chart below summarizes the potential revenue to the City and contingent payment to Maximus.

Mandate Full Name	FY 2009-10 Estimated Claim Amount	FY 2010-11 Estimated Claim Amount	Potential Reimbursement from State	Payment to Maximus Contingent on receipt of Funds	MRP I Test Claims	Payment to Maximus Contingent on receipt of Funds	Potential Revenue to City
Administrative License Suspension	\$11,700	\$13,500	\$25,200				\$25,200
Domestic Violence Arrest Policies and Standards	\$7,200	\$8,250	\$15,450				\$15,450
Domestic Violence Arrests and Victim Assistance	\$2,700	\$3,000	\$5,700				\$5,700
Health Benefits for Survivors of Peace Officers & Firefighte	\$22,500	\$25,500	\$48,000				\$48,000
Open Meetings Act	\$40,500	\$45,000	\$85,500				\$85,500
Peace Officers Procedural Bill of Rights	\$4,500	\$5,000	\$9,500				\$9,500
Rape Victim Counseling Center Notices	\$900	\$1,000	\$1,900				\$1,900
Crime Statistic Reporting for the DOJ	\$225,000	\$25,000	\$250,000	(\$237,716)			\$12,284
Identity Theft	\$45,000	\$5,000	\$50,000				\$50,000
MRP I Test Claims			\$0		\$285,260	(\$79,239)	\$206,021
Total *	\$360,000	\$131,250	\$491,250	(\$237,716)	\$285,260	(\$79,239)	\$459,555

**ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

Submitted by:

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Tracy McCraner  
Finance Director/Treasurer

Attachments: See February 14, 2012 City Council Staff Report for attachments