



CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 18, 2005

ITEM NUMBER:

SUBJECT: SB 90 STATE MANDATED COSTS CLAIMS ADMINISTRATION

DATE: JANUARY 4, 2005

FROM: FINANCE DEPARTMENT/FINANCIAL PLANNING DIVISION

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: AGNES T. WALKER (714) 754-5241

RECOMMENDATION:

Approve Budget Adjustment BA #05-045 to appropriate \$10,750 from the General Fund undesignated balance for SB 90 claims administration cost.

BACKGROUND:

For many years now, the City has been contracting with Cost Recovery Services (Consultant) to provide claims administration for SB 90 State-Mandated Costs. The Consultant meets with City staff to gather all pertinent information and prepares all the necessary paperwork to file with the State for cost reimbursements.

During the budget hearings for the FY 04-05 budget, the Finance Department's request for the Consultant's cost was not recommended for funding. At that time, staff was unsure if the State would resume reimbursing these costs. Staff has recently received information that the State is obligated to repay its mandated costs beginning in FY 06-07 through FY 11-12. In addition, the State has an appropriation available to pay for Animal Adoption mandated costs, of which, Costa Mesa's estimated claim is \$9,000.

By renewing the agreement now, the Consultant will continue to file for the FY 03-04 mandated costs which are estimated at \$342,000. If the City filed this claim later, the City would lose 10% of the amount claimed. Also, the Consultant's cost would be included in the claim for reimbursement.

ANALYSIS:

The State had been reimbursing these claims in the past until Fiscal Year 02-03. When the State started having fiscal problems, it reduced reimbursements to cities and stopped reimbursements altogether in FY 02-03. However, cities continued to file claims with the expectation that the State will ultimately reimburse these costs. Examples of reimbursements received are:

FY 98-99	\$ 77,171
FY 99-00	\$292,087
FY 00-01	\$230,150
FY 01-02	\$117,909

As additional incentive to renew the agreement, the Consultant has agreed to reduce its fee from \$11,750 (cost of the last agreement), to \$10,750.

ALTERNATIVES CONSIDERED:

The City Council may choose not to appropriate the funds; therefore, the Agreement will not be renewed. Filing the claims for reimbursements (which requires a significant amount of staff time) could be assigned to City staff; however, there is no current staff available to pick up this task. In addition, the Consultant's fee could be claimed for reimbursement. Consequently, the City may lose part or all of the reimbursements if the City is unable to file the claims by the State's deadlines for filing each fiscal year's costs.

FISCAL REVIEW:

The attached Budget Adjustment BA# 05-045 appropriates \$10,750 to the Finance Department's budget for Financial & Information Services. Funds are available in the General Fund undesignated balance to cover this appropriation.

LEGAL REVIEW:

The City Attorney has approved the agreement as to form.

MARC R. PUCKETT
Director of Finance

AGNES T. WALKER
Budget & Research Officer

Attachment: 1) [Budget Adjustment BA# 05-045](#)

Copy to: Allan Roeder, City Manager