



City of Grand Island

Tuesday, April 26, 2011

Council Session

Item G18

**#2011-107 - Approving Contract for Program Prioritization
Budget Process**

Staff Contact: Mary Lou Brown

Council Agenda Memo

From: Mary Lou Brown, City Administrator

Meeting: April 26, 2011

Subject: Approving Contract for Program Prioritization Budgeting Process

Item #'s: G-18

Presenter(s): Mary Lou Brown, City Administrator

Background

Beginning in the summer of 2009, the City began what was called program prioritization budgeting process working with two consultants, Jon Johnson and Chris Fabian. Program prioritization was officially used to develop the 2010/2011 Budget. Grand Island was one of the first communities to implement program prioritization, and since that time, several communities across the United States have adopted program prioritization budget methodology. Based on the success of program prioritization, Johnson and Fabian have formed the Center for Priority Based Budgeting, an incubator within the not-for-profit, National Environmental Health Association (NEHA).

Discussion

The City plans to continue using the program prioritization budget methodology in the fiscal years 2011/2012 and 2012/2013. On April 18, 2011, the City received two proposals for the request for proposals for program prioritization budgeting process, one from the Center for Priority Based Budgeting (Center) and one from Public Financial Management Group (PFM Group). The proposals were evaluated by a representative from Finance and representative from Administration departments. The City Administrator/Finance Director was not involved in the scoring process, in order to provide a more objective scoring process. The Center received the highest score on the evaluation criteria established in the request for proposal specifications.

The evaluation criterion, explained in section four of the RFP specification, was based on fee structure (25%), and qualifications and experience (75%). Qualifications and experience was broken down into three sections, found in the proposal content section of the specifications: background information/qualifications regarding firm, previous

experience with program prioritization budget, and budget models. Each of those sections was assigned 25% each, to reach a total of 75% for qualifications and experience. All four sections were put on a 10-point scale (10 high) and scored by each evaluator. The Center received a total score of 190, while the PFM Group received a score of 112.5. The category that was the largest difference between firms was the proposed fee structure. The Center has a proposed cost of \$11,600 (including a site visit and supplies), while the PFM Group was a proposed cost of \$58,353. Another category that the Center stood out was the previous experience with program prioritization budget; this was due to the fact that the Center listed sixteen examples of communities they work with using program prioritization in addition to the City of Grand Island last year.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council adopt the contract with the National Environmental Health Association d/b/a the Center for Priority Based Budgeting for fiscal advisory services through fiscal year 2012/2013.

Sample Motion

Move to approve the contract with the National Environmental Health Association d/b/a the Center for Priority Based Budgeting.



Jason Eley, Purchasing Agent

*Working Together for a
Better Tomorrow, Today*

**REQUEST FOR PROPOSAL
FOR
PROGRAM PRIORITIZATION BUDGET PROCESS**

RFP DUE DATE: April 18, 2011 at 4:00 p.m.

DEPARTMENT: Finance

PUBLICATION DATE: April 1, 2011

NO. POTENTIAL BIDDERS: 2

SUMMARY OF PROPOSALS RECEIVED

The Center for Priority Based Budgeting
Denver, CO

The PFM Group
Des Moines, IA

cc: Mary Lou Brown, Finance Director

Jason Eley, Purchasing Agent

P1472

CONTRACT FOR PROFESSIONAL SERVICES

AGREEMENT WITH

The National Environmental Health Association d/b/a the CENTER FOR PRIORITY BASED BUDGETING For FISCAL ADVISORY SERVICES

THIS AGREEMENT is made and effective as of April 26, 2011, between the **City of Grand Island**, hereafter "**City**", a municipal corporation of the State of Nebraska and the **National Environmental Health Association**, for the purpose of this Agreement, *d/b/a the Center for Priority Based Budgeting*, hereafter "**Consultant**", a non-profit corporation registered in the State of Colorado. In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. **TERM.** This Agreement shall commence on April 27, 2011, and shall remain and continue in effect until services described herein are completed, but in no event later than September 30, 2013, unless sooner terminated pursuant to the provisions of this Agreement.

2. **SERVICES.** **Consultant** shall perform the services described and set forth in **Exhibit A**, Scope of Services, attached hereto and incorporated herein as though set forth in full. The project and final deliverables shall be completed in accordance with the timeline mutually agreed upon by the **City** and the **Consultant**. **Exhibit B**, Timeline, will be incorporated into this agreement and completed by September 15, 2011 and September 17, 2012.

3. **PERFORMANCE.** **Consultant** shall at all times faithfully, competently and to the best of its ability, experience, and talent, perform all services described herein. **Consultant** represents to the **City** that it has the qualifications necessary to perform the services described herein. **Consultant** shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of **Consultant** hereunder in meeting its obligations under this Agreement.

4. **PAYMENT.**

a. The **City** agrees to pay **Consultant** in accordance with the payment rates and terms set forth in **Exhibit A**, attached hereto and incorporated herein by this reference as though set forth in full, based upon periodic invoices submitted by the **Consultant** to the **City**. This amount shall not exceed ten thousand Dollars (**\$10,000**), exclusive of travel reimbursements or other previously agreed upon expense reimbursements to be billed separately, for the total term of the Agreement unless additional payment is approved as provided in this Agreement.

b. **Consultant** shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the **City**. **Consultant** shall be compensated for any additional services in the amounts and in the manner as agreed to by the **City** at the time the **City's** written authorization is given to **Consultant** for the performance of said services.

c. **Consultant** shall submit periodic invoices to the **City** during the term of this Agreement for actual services performed. Payment shall be made within thirty (30) days of receipt of each invoice as to all nondisputed fees. If the **City** disputes any of the **Consultant's** fees, the **City**

shall give written notice to the *Consultant* within 15 days of receipt of an invoice of any disputed fees set forth on that invoice.

5. AVAILABILITY OF FUNDS The *City* has appropriated and encumbered sufficient funds from its operating budget for the cost of the work to be performed to satisfy the payment terms of this agreement with the *Consultant*. Funds will be made available to the *Consultant* upon the completion of agreed upon work and the receipt of a proper invoice.

6. SUSPENSION OR TERMINATION OF AGREEMENT.

a. The *City* may at any time suspend or terminate this Agreement, or any portion hereof, by serving upon the *Consultant*, at least thirty (30) days prior, written notice of termination. Upon receipt of said notice, the *Consultant* shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the *City* suspends or terminates a portion of this Agreement, such suspension or termination shall not make void or invalidate the remainder of this Agreement.

b. In the event this Agreement is terminated pursuant to this Section, the *City* shall pay to *Consultant* the actual value of the work performed up to the time of termination. Upon termination of the Agreement pursuant to this Section, the *Consultant* will submit an invoice to the *City* pursuant to Section 3. *City* shall pay any and all travel or other related ancillary expenses that were incurred by the *Consultant* prior to the notice of termination, in fulfillment of obligations associated with this agreement.

7. INDEMNIFICATION. The *Consultant* agrees to defend, indemnify, protect and hold harmless the *City*, its officers, officials, employees and volunteers from and against any and all claims, demands, losses, defense costs or expenses, or liability of any kind or nature which the *City*, its officers, officials, employees, and volunteers may sustain or incur or which may be imposed upon them for injury to or death of persons, or damage to property arising out of *Consultant's* negligent or wrongful acts or omissions in performing or failing to perform under the terms of this Agreement, excepting only liability arising out of the negligence of the *City* or that of any elected official, employee, or agent of the *City*.

8. INDEPENDENT CONTRACTOR.

a. *Consultant* is and shall at all times remain as to the *City* a wholly independent contractor. The personnel performing the services under this Agreement on behalf of *Consultant* shall at all times be under *Consultant's* exclusive direction and control. Neither the *City* nor any of its officers, employees or agents shall have control over the conduct of *Consultant* or any of *Consultant's* officers, employees or agents, except as set forth in this Agreement. *Consultant* shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the *City*. *Consultant* shall not incur or have the power to incur any debt, obligation or liability whatever against *City*, or bind *City* in any manner.

b. *Consultant* represents that it has or will secure at its own expense, all necessary personnel required to perform the services under this Agreement. Such personnel shall not be employees of or have any contractual relationship with the *City*, nor shall such personnel be entitled to any benefits of the *City* including, but not limited to, pension, health and/or workers' compensation benefits. The *City* shall not be liable for compensation or indemnification to *Consultant* for injury or sickness arising out of performing services hereunder.

c. *Consultant* warrants that all services shall be performed by skilled and competent personnel consistent with applicable technical and professional standards in the field as determined by the *Consultant*.

9. **GOVERNING LAW.** *Consultant* agrees that in the performance of this Agreement it will reasonably comply with all applicable State, Federal and local laws and regulations. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska and the City of Grand Island. In case of a dispute regarding the interpretation of any part of this Agreement, the parties shall use their best faith efforts to arrive at a mutually acceptable resolution. Unless it has received a termination notice from the *City*, the *Consultant* shall proceed diligently with its performance of the work under this Agreement pending the final resolution of any dispute arising from or relating to this Agreement and the *City* shall continue to pay the *Consultant* for such performance.

10. **DISCLOSURE AND OWNERSHIP OF DOCUMENTS**

a. All written and oral information not in the public domain or not previously known, and all information and data obtained, developed, or supplied by the *City* or at its expense, will be kept confidential by the *Consultant* and will not be disclosed to any other party without the *City*'s prior written consent.

b. The materials used by the *Consultant* for work performed under this Agreement are specific and unique methods of fiscal management and budget prioritization. As such, these materials are protected by copyright. The *City* agrees and understands that these materials and all methods, models and applications resulting from the use of said materials are the sole, complete and absolute property of the *Consultant*. As such, any use, future use or application or any publication (either oral or written) of these materials by the *City* will be at the discretion of the *Consultant* and in any event will not occur without the express and prior written permission of the *Consultant*. All legal rights and protections afforded by copyright and the *Consultant's* ownership of all the underlying intellectual property associated with these fiscal management and budget prioritization materials are retained and reserved exclusively by the *Consultant*, reserving all legal rights and remedies incident to its ownership of these materials. It is understood that the *City* may utilize these methods, models and applications for their own specific use but are not free to share these methods, models and applications with other individuals or entities.

11. **INSURANCE REQUIREMENTS** *Consultant* agrees to procure and maintain in force during the term of this Agreement, at its own cost, the following minimum coverages:

- | | |
|---|----------------------------------|
| a. <i>Workers Compensation and Employer's Liability</i> | |
| Workers Compensation | as required by State of Colorado |
| Employer's Liability | \$100,000 each accident |
| b. <i>Commercial General Liability</i> | |
| Bodily Injury and Property Damage | \$1,000,000 aggregate limit |
| Personal Injury Limit | \$1,000,000 |
| Each Occurrence Limit | \$1,000,000 |
| c. <i>Professional Liability Errors and Omissions</i> | |
| Errors and Omissions | \$1,000,000 aggregate limit |

The *Consultant* shall forward Certificates of Insurance to the City as requested in writing. The *Consultant* will give the *City* written notice of not less than thirty (30) days prior to cancellation or change in coverage.

10. NOTICES. Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, that provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by Notice:

To City: City of Grand Island
 100 East First Street
 Grand Island, NE 68801
 Attention: Mary Lou Brown, City Administrator

To Consultant: Jon Johnson, Senior Manager
 Center for Priority Based Budgeting
 % National Environmental Health Association
 720 S. Colorado Blvd., Suite 1000-N
 Denver, CO 80246

11. ASSIGNMENT. The obligations and duties under this Agreement shall not be assignable, delegable or transferable unless such assignment is reduced to writing and signed by both parties. Any purported assignment, delegation or transfer by any other means will constitute a material breach of the Agreement and will be grounds to terminate the agreement as outlined in Section 5.

12. LICENSES. At all times during the term of this Agreement, *Consultant* shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

13. SEVERABILITY. If any term of provision of this Agreement shall to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected, and every other term and provision of this Agreement shall be deemed valid and enforceable to the extent permitted by law.

14. CONFLICT OF INTEREST. *Consultant* represents that it does not now have, nor shall it acquire any financial or business interest that would conflict with the performance of services under this Agreement.

15. ENTIRE AGREEMENT. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

16. **MODIFICATION**. No term, obligation or provision of this Agreement can be modified unless that modification is in written form, signed and agreed to by both parties.

17. **AUTHORITY TO EXECUTE THIS AGREEMENT**. The person or persons executing this Agreement on behalf of *Consultant* warrants and represents that he or she has the authority to execute this Agreement on behalf of the *Consultant* and has the authority to bind *Consultant* to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CONSULTANT

CITY OF GRAND ISLAND

By: Jon Johnson
Title: Senior Manager

By: Jay Vavricek
Title: Mayor

By: Chris Fabian
Title: Senior Manager

By: RaNae Edwards
Title: City Clerk

EXHIBIT A

SCOPE OF SERVICES

SEE ATTACHED DOCUMENT

EXHIBIT B

Timeline

This agreement will be completed by September 15, 2011 for the fiscal year 2011/2012, and September 17, 2012 for the fiscal year 2012/2013.

**REQUEST FOR PROPOSALS
FOR PROGRAM PRIORITIZATION BUDGET PROCESS
FOR THE CITY OF GRAND ISLAND, NEBRASKA**

**I.
GENERAL**

The City of Grand Island ("The City") is seeking proposals from qualified firms to serve as budget consultants for the Program Prioritization budget process for the fiscal years 2011/2012 and 2012/2013.

**II.
SCOPE OF WORK**

The selected consultant will be expected to provide advisory, analytical and facilitation assistance in the implementation of the third phase of the Program Prioritization process.

The selected consultant shall work with and at the direction of The City's Finance Director. Services required of the selected consultant may include, but not be limited to, the following:

- Integrate the City's financial forecasts into an interactive diagnostic tool to assist City Administration in presenting Grand Island's financial position (historical and forecasted) to elected officials, citizens, City staff, labor union representatives and other stakeholders.
- Integrate any one-time projects and initiatives for the City into an interactive diagnostic tool.
- Update the City's current allocation tool with current year data.
- Provide advisory assistance to City staff in refining program inventories and in reviewing and revising program scores.
- Recalculate weightings of result maps based on the most recent result validation exercise and refresh the allocation tool with the updated information.
- Develop and support the peer review process to validate program scores, prior to the final update of the allocation tool. This may include participation of City Council members and other external stakeholders along with City staff.
- Assist City Administration with the calculation of departmental target budgets to ensure resource allocation starts with available revenues.
- Provide training and coaching in the utilization of the allocation tool during the budget development process.
- Assist City Administration with the presentation of Fiscal Year 2011/2012 budget to demonstrate how the program prioritization process was used to enhance decision-making. This would include at least one presentation to Council.
- Explore ideas with City Administration for additional citizen engagement in future budget years.

- Specific support for the Fiscal Year 2012/2013 budget preparation is yet to be determined.

III. PROPOSAL CONTENT

To facilitate evaluation, proposals should address and be organized in the order of the outline given below and include the following information:

Background Information: Provide general information regarding your Firm.

Experience: Indicate the Firm's experience with the program prioritization budget methodology.

Budget Models: Describe the financial models that exist to assist in the preparation of the budget.

Proposed Fee Structure: Include the proposed fee structure for the services requested under this RFP.

Contract Document: Include a copy of the proposed contract document.

References: Provide three references including name, title, affiliation, address, telephone number and email address.

IV. EVALUATION CRITERIA

Consultants' submittals will be evaluated based on the criteria listed in this section. Evaluation of responses to this RFP will be based only on the information provided in the submittal package, and if applicable, interviews and reference responses. The City reserves the right to request additional information or documentation from the Firm in order to complete the selection process.

The evaluation criteria are as follows:

Qualifications and Experience	75%
Fee Structure	25%

Following the evaluation, the following steps may be taken:

1. Contract negotiations with one or more proposers will commence; or
2. (a) Request additional information from the proposer whose responses appear to have the greatest likelihood of success; and/or

- (b) Invite one or more proposers whose responses appear to have the greatest likelihood of success to attend an interview/presentation to discuss their proposal; and then
- (c) Begin contract negotiations with one or more proposers.

The City of Grand Island reserves the right to conduct reference checks, at either or both of the following two points of the evaluation process:

1. After proposals are evaluated, for the proposer with the highest-scoring proposal;
2. In the event that interviews are held, for the proposer with the highest-scoring proposal and interview.

In the event that information obtained from the reference checks reveals concerns about the proposer's past performance and their ability to successfully perform the contract to be executed based on this RFP, the City of Grand Island may, at its sole discretion, determine that the proposer is not a responsible proposer and may select the next highest-ranked proposer whose reference checks validate the ability of the proposer to successfully perform the contract to be executed based on this RFP.

V. SUBMITTALS

Sealed proposals (one original and three copies), must be received not later than 4:00PM Central Daylight Savings time on April 18, 2011 at the following address:

City of Grand Island
Attn: RaNae Edwards
City Clerk
100 East First Street
Grand Island, NE 68801

Interested persons should submit their questions to the Grand Island Finance Director, Mary Lou Brown at (308)385-5444, extension 169.

No proposals received after the deadline will be considered. Faxed and emailed proposals will not be accepted. All proposals will become the property of the City of Grand Island and will not be returned to the proposer.

Proposals must remain firm for one hundred twenty (120) days from the proposal due date. The City of Grand Island reserves the right to reject any and all proposals, waive irregularities and to select the proposal that is deemed to be in the City's best interest, at its sole discretion.

Price is not the sole selection factor and will be considered together with other factors allowed under Nebraska Law. Any cost incurred by respondents in preparing or submitting a proposal for the project shall be the respondent's sole responsibility. All

responses, inquiries or correspondence relating to this RFP will become the property of the City of Grand Island. The City reserves the right to: reject any or all proposals or portions thereof, to waive irregularities therein, require modifications to initial proposals, negotiate and to accept a partial proposal, complete proposal or multiple proposals that may be in the best interest of the City, at its sole discretion.

RESOLUTION 2011-107

WHEREAS, the City of Grand Island implemented program prioritization budgeting process for the 2010/2011 budget, and wishes to continue utilizing that methodology for the fiscal years 2011/2012 and 2012/2013; and

WHEREAS, on April 18, 2011 two proposals were received, reviewed and evaluated in accordance to the established criteria in the request for proposal specification; and

WHEREAS, the Center for Priority Based Budgeting an incubator of the National Environmental Health Association of 720 S. Colorado Blvd, Suite 1000-N, Denver, Colorado submitted a proposal for the time period until September 30, 2013; and

WHEREAS, the proposed agreement with the National Environmental Health Association has been reviewed and approved by the City Attorney's Office, and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the agreement between the City and the National Environmental Health Association d/b/a the Center for Priority Based Budgeting is hereby approved.

BE IT FURTHER RESOLVED, that the mayor is hereby authorized and directed to execute such agreements on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, April 26, 2011.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
April 22, 2011	☐ City Attorney