TO: HONORABLE CITY COUNCIL

ATTN: FINANCE COMMITTEE

FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES

DATE: MARCH 16, 2004 CMR: 184:04

SUBJECT: SAP REPORT ON CITY CONSULTANT SERVICES CONTRACTS

This is an informational report and no Council action is required.

BACKGROUND
The Finance Committee has periodically requested information on the City’s consultant contracts. In the past, this information was not readily available and was collected manually in response to specific informational requests. Following the implementation of SAP, staff has the ability to collect and report on this information in a more automated fashion. Recently, staff configured a report in SAP to generate information on consultant contracts.

DISCUSSION
The attached SAP report contains information on fiscal year 2003-04 consultant contracts. The report includes all open consultant agreements brought over from IFAS to SAP on July 1, 2003 as well as agreements awarded from July 1, 2003 through December 31, 2003, the first half of fiscal year 2003-04. It is important to note that portions of the City’s consultant costs are funded through grant programs, Joint Powers Authority agreements, external service agreements, and other revenue generating mechanisms. These costs are also funded from various sources such as the General Fund, Enterprise Fund & Internal Services Fund.

For purposes of gathering the information for this report, staff has developed a definition of “service” that is consistent with the proposed new Purchasing and Contracting Ordinance (Ordinance) and the California Government Code. The City’s Ordinance will define professional service contracts as “contracts for services which involve the exercise
of professional discretion and independent judgment based on specialized knowledge, expertise or training.” Consultant services are a subset of professional services. What distinguishes consultant services from other types of professional services is that a consultant typically provides the City with advisory services on a one-time basis. In addition to the non-recurring nature of such services, a consultant also provides the City with all of the following:

1) services that are advisory in nature;
2) a recommended course of action; and
3) an end product (such as a study or feasibility analysis) transmitted verbally or in writing.

In contrast, professional services are normally routine services delivered year after year. Professional services are often obtained to satisfy regulatory or legal mandates or to provide the City with expertise not found in-house.

As an example, a company studying the region’s water needs to advise the City on developing a regional water quality system would be a consultant whereas a company determining the various types and amounts of industrial waste discharged from the Water Quality Control Plant is providing the City with a professional service. In this case, the distinguishing factor is the advisory nature of the services. The consultant is providing the City with broad based expert advice while the professional services are more routine services.

The attached report provides data only on consultant services. It does not include information on basic professional services such as those offered by appraisers, plan check engineers, computer maintenance personnel, or instructors. Nor does it include routine services provided by accountants, auditors, architects, engineers, financial advisors, graphic designers and planners. In addition, any services pertaining to legal counsel and experts retained for the purpose of litigation or other legal proceedings are excluded from this report.

In the coming year, staff will work on refining the configuration, format and content of this and other SAP-generated reports. The Council will continue to receive information on consultant and professional service agreements on a regular basis. A biannual informational report will be provided to Council for all professional service contracts, including consultant contracts, approved by the City Manager or the Purchasing Manager from $25,000 to $65,000. All professional service and consultant contracts greater than $65,000 will continue to be presented to Council for approval. Additionally, during the annual budget process, the Council Committees will be provided with an opportunity to review the scope of services for anticipated consultant contracts other than those for infrastructure projects over $65,000.
ATTACHMENTS
Attachment A: Fiscal Year 2003-04 Consultant Contracts

PREPARED BY: __________________________________________
LALO PEREZ
Assistant Director, Administrative Services

APPROVED BY: _________________________________________
CARL YEATS
Director, Administrative Services

CITY MANAGER APPROVAL: ___________________________
EMILY HARRISON
Assistant City Manager