



Council Agenda Report

To: Mayor Grisanti and the Honorable Members of the City Council

Prepared by: Elizabeth Shavelson, Assistant to the City Manager

Reviewed by: Lisa Soghor, Assistant City Manager

Approved by: Steve McClary, Interim City Manager

Date prepared: May 3, 2021 Meeting date: May 10, 2021

Subject: Amendment to Professional Services Agreements with STLR Corp, dba Ryland School Business Consulting

RECOMMENDED ACTION: Authorize the Mayor to execute Amendment No. 3 to the Professional Services Agreement with STLR Corp, dba Ryland School Business Consulting.

FISCAL IMPACT: Funding in the amount of \$20,000 for this amendment was not included in the Adopted Budget for Fiscal Year 2020-2021 in Account No. 100-7001-5100 (City Council Professional Services). Due to public health restrictions in response to the ongoing COVID-19 pandemic, the funds in Account Nos. 100-7001-6170-00 (City Council Events) and 100-7001-5300-00 (City Council Travel and Training) are underspent. Funding in the amount of \$20,000 will be moved from these accounts to Account No. 100-7001-5100 (City Council Professional Services) to cover these proposed costs.

WORK PLAN: This item was included as item 3a in the Adopted Work Plan for Fiscal Year 2020-2021.

DISCUSSION: The City Council has established school district separation as one of the City's top 3 priorities after public safety and Woolsey Fire rebuilds. To this end, the City Council has directed the City Attorney to pursue negotiations with the Santa Monica-Malibu Unified School District (SM-MUSD) regarding the potential unification of a Malibu School District under the direction of the School District Separation Ad Hoc Committee. To assist in this effort, the City Attorney solicited the assistance of two school finance

professionals: Kirk-Carter and Associates (KCA) and Ryland School Business Consulting (Ryland SBC).

In January 2020, at the recommendation of the Ad Hoc Committee, the City executed an agreement with Ryland SBC to work under the supervision of the City Attorney to provide consulting services for financial analysis related to school district separation and unification including the review of the financial models developed by KCA for the City of Malibu and by Eastshore Consulting for SM-MUSD.

On July 13, 2020, the City Council authorized Amendment No. 1 to the Professional Services Agreement with Ryland SBC for a total contract amount not to exceed \$73,710.

On February 24, 2021, the City Council authorized Amendment No. 2 to the Professional Services Agreement with Ryland SBC for a total contract amount not to exceed \$118,710.

On March 3, 2021, the City Attorney provided an update to the County Committee and the Committee voted to schedule the virtual Preliminary Public Hearing on the City's petition for April 17, 2021.

On March 8, 2021, the consultant team provided an update to the City Council.

On March 12, 2021, the City of Malibu provided SM-MUSD with its best and final offer regarding the financial terms of separation.

On April 9, 2021, SM-MUSD rejected the City offer and offered a counter proposal.

On April 14, the City Council held a virtual special meeting to receive a report on the Santa Monica-Malibu Unified School District's (SM-MUSD) April 9, 2021 response to the City of Malibu's Best and Final Offer and directed the City Attorney to respond to the SM-MUSD with a settlement offer. The settlement included a provision that both parties agree to be bound by the financial terms of separation as developed by the Los Angeles County Office of Education (LACOE) and/or LACOE-supervised consultants.

On April 16, 2021, the SM-MUSD voted 5-2 to reject the City of Malibu's settlement offer.

On April 16, 2021, the City submitted its written petition for unification to the County Committee.

On April 17, 2021, the City presented its petition for the formation of an independent Malibu Unified School District (MUSD) to the County Committee. The County Committee received public comment and continued the hearing to a date to be determined in June 2020.

The existing scope of work for Ryland SBC was developed to support the City Attorney's negotiations with SM-MUSD and the City's petition. The existing scope did not foresee or anticipate the recently renewed negotiation activities with SM-MUSD, the continuation of the preliminary hearing and additional outreach and public presentations needed to support the City's petition through the extended preliminary hearing process.

At this time, bringing in different consultants for this work will cause unnecessary expense and delay to the City's school separation efforts. The process would not necessarily result in a lower price for these services if the City were to hire new consultants to perform this work. It is anticipated that there would be considerable time and funds spent onboarding the new consultants including the review of all the previous work performed to date. This would result in a net cost increase to the City for the same services as any new consultants would need to spend time getting up to speed on the City's efforts to date and strategy moving forward. Furthermore, with the April 17, 2021 Preliminary Hearing for the City's petition continued to June 2021, any delays at this time have the potential to jeopardize the outcome of the hearing.

Staff is recommending that the budget for this agreement be amended as shown in the attached to reflect the anticipated work necessary to support the City through the preliminary hearing process which has been continued to June. It is anticipated that the County Committee will make a decision in June on whether or not the City's petition may move forward through the process. At that time, the City will need to evaluate how best to move forward and determine what additional consultant support is needed.

ATTACHMENTS:

Amendment 3 to the Professional Services Agreement with STLR Corp, dba Ryland School Business Consulting

AMENDMENT NO. 3 TO AGREEMENT

THIS AMENDMENT NO. 3 TO AGREEMENT is made and entered in the City of Malibu on May 10, 2021, by and between the CITY OF MALIBU, hereinafter referred to as City, and STLR Corp, dba Ryland School Business Consulting, hereinafter referred to as Consultant.

The City and the Consultant agree as follows:

RECITALS

- A. On January 16, 2020, the City entered into an Agreement with Consultant for consulting services for financial analysis and professional services related to school district separation and unification (the "Agreement").
- B. On July 13, 2021, the City amended the Agreement to increase the scope of work, increase the budget and extend the term of the agreement.
- C. On October 12, 2020, the Consultant presented its analysis to the City Council as part of an update from the School District Separation Ad Hoc Committee. The City Council directed staff to submit the petition for unification of a Malibu Unified School District to the Los Angeles County Office of Education.
- D. On February 24, 2021, the City amended the Agreement to increase the scope, budget and extend the term of the agreement.
- E. The City desires to amend the Agreement to increase the budget and Consultant has submitted a proposal for this purpose that is acceptable to the City.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the parties hereto agree as follows:

- 1. Section 1.0 – Scope of the Consultant's Services, of the Agreement, is hereby amended as set forth in Exhibit E attached hereto and shall replace Exhibit A, Exhibit C and Exhibit D.
- 2. Section 4.0 – Compensation for Services, of the Agreement, is hereby amended as set forth in Exhibit E attached hereto. Compensation for Services, of the Agreement, is hereby amended to read as follows:

The City shall pay the Consultant for its professional services rendered and costs incurred pursuant to this Agreement an hourly rate of \$195 for financial analysis and professional services. The Consultant shall be compensated for travel time and expenses. Expenses are defined as actual, out of pocket expenses such as lodging, meals, telephone charges, express or overnight mail charges. All expenses and travel time must be pre-approved by the City. The cost of the work described in Exhibit A to the Agreement shall not exceed \$24,960, the cost of the work described in Exhibit C to Amendment 1 shall not exceed \$48,750, the cost of work described in Exhibit D to Amendment 2 shall not exceed \$45,000, and the cost of work described in Exhibit E shall not exceed \$20,000 meaning the total cost for all work performed under the Agreement as amended by this Amendment No. 3 shall not exceed \$138,710. The Consultant shall only bill the City for hours actually incurred.

- 3. The Parties agree that this Amendment will be considered signed when the signature of a party is delivered physically or by facsimile transmission or scanned and delivered via electronic mail. Such facsimile or electronic mail copies will be treated in all respects as having the same effect as an original signature.
- 4. All terms and conditions of the Agreement not amended by this Amendment No. 3 remain in full force and effect.

This Agreement is executed on _____, 2021, at Malibu, California, and effective as of April 16, 2021.

CITY OF MALIBU:

PAUL GRISANTI, Mayor

ATTEST:

KELSEY PETTIJOHN, Acting City Clerk
(seal)

APPROVED AS TO FORM:

THIS DOCUMENT HAS BEEN REVIEWED
BY THE CITY ATTORNEY'S OFFICE

JOHN COTTI, Interim City Attorney

CONSULTANT:



By: Teresa R. Ryland
Title: President

Professional Services Agreement with STLR Corp,
dba Ryland School Business Consulting
Amendment 3

EXHIBIT E

Scope of Services

The Scope of Work described herein shall replace the Scope of Work in the original Professional Services Agreement (Exhibit A), the Scope of Work in Amendment 1 to the Professional Services Agreement (Exhibit C), and the Scope of Work in Amendment 2 to the Professional Services Agreement (Exhibit D.)

The City of Malibu has been in negotiations with the Santa Monica Malibu Unified School District (SMMUSD) regarding the potential reorganization of a Malibu School District. On October 12, 2020, the City Council received an update from the Council's School District Separation Ad Hoc Committee and directed staff to submit the petition for reorganization of a Malibu Unified School District to the Los Angeles County Office of Education. As part of the negotiation and petition process, the City needs to analyze the financials of the separation and the proposed Malibu Unified School District.

The Consultant has experience performing financial analysis, producing budgets and financial models and can provide expert financial services and third-party review of the financial models and analysis produced by the East Shore Consulting for the SMMUSD and the financial models and analysis produced by Kirk-Carter and Associates for the City of Malibu.

The Consultant will work at the direction and under the supervision of the City Attorney to provide professional financial review, analysis and support services in support of the City's negotiation with the SMMUSD and the City's petition for creating a Malibu Unified School District (MUSD) to the Los Angeles County Committee on School District Organization. In this capacity, the Consultant may work with the City Council's School District Separation Ad Hoc Committee, City staff, and other consultants.

The Consultant's work shall include the following tasks as requested:

- Review records, documentation and reports including BBK and East Shore Consulting Memos.
- Review financial models prepared by East Shore Consulting and Kirk-Carter and Associates.
- Prepare general financial analysis and reconciliation.
- Document and/or refine procedures and results.

- Act on assignments that result from conversations with City Attorney and City Staff.
- Prepare and/or review short-term and long-term cash flow and revenue schedules.
- Prepare reports as directed by City Attorney, in accordance with the Public Records Act and while maintaining appropriate privileges and exemptions.
- Prepare and present to Governing Boards and other entities.
- Craft other financial and professional work assigned as needed.
- Complete the research and analysis to update information regarding assets, debt, enrollment, and finances.
- Participate in negotiations between the City and the School District.
- Write the reorganization report addressing all required criterion.
- Present reports to the City Council.
- Attend and present at the City's School District Separation Ad Hoc Committee meeting(s), as well as LACOE's County Committee meeting(s).
- Prepare community outreach materials and perform community outreach activities including but not limited to making presentations and answering questions at community meetings.
- Attend weekly calls with City Attorney and consultant team.
- Refer to foundational information provided in the report produced by the Malibu Unification Negotiations Committee and provide extensive and necessary updates in some areas.

Fee and Cost Schedule

The Consultant shall be paid an hourly rate of \$195 for financial analysis and professional services. The Consultant shall be compensated for travel time and expenses. Expenses are defined as actual, out of pocket expenses such as lodging, meals, telephone charges, express or overnight mail charges. All travel time and expenses must be pre-approved by the City.

The cost of work done under previous scopes of service (*i.e.*, Exhibit A, Exhibit C and Exhibit D) and the work approved under this Scope of Service (Exhibit E) shall not exceed \$138,710.