



Council Agenda Report

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

Prepared by: Elizabeth Shavelson, Deputy City Manager

Reviewed by: Joseph Toney, Assistant City Manager

Approved by: Steve McClary, Interim City Manager

Date prepared: May 26, 2022 Meeting date: June 27, 2022

Subject: Amendment to the Professional Services Agreement with School District Separation Consultants

RECOMMENDED ACTION: 1) Authorize the Mayor to execute Amendment No. 6 to the Professional Services Agreement with Kirk-Carter and Associates; and 2) Authorize the Mayor to execute Amendment No. 6 to the Professional Services Agreement with STLR Corp, dba Ryland School Business Consulting.

FISCAL IMPACT: Funding in the amount of \$50,000 for these amendments was included in the Adopted Budget for Fiscal Year 2021-2022 in Account No. 100-7001-5100-00 (City Council Professional Services).

WORK PLAN: This item was included as Item No. 3.a. in the Adopted Work Plan for Fiscal Year 2021-2022.

DISCUSSION: The City Council has established school district separation as one of the City's top three priorities after public safety and Woolsey Fire rebuilds. To this end, the City Council 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 August 2018, at the recommendation of the Ad Hoc Committee, the City executed an

agreement with KCA to work under the supervision of the City Attorney to provide financial analysis regarding the potential unification of Malibu schools and create a financial model.

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.

Both agreements have been amended by Council to support to the City's protracted negotiations with SM-MUSD, preliminary hearing process before the Los Angeles Office of Education's (LACOE) County Committee on School District Organization (County Committee) and ongoing efforts to keep Malibu and Santa Monica families informed of the City's petition to form an independent Malibu Unified School District.

On February 24, 2021, the City Council authorized Amendment No. 3 to the Professional Services Agreement with KCA for a total contract amount not to exceed \$60,000.

On May 13, 2021, the City Council authorized Amendment No. 3 to the Professional Services Agreement with Ryland SBC for a total contract amount not to exceed \$138,710.

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 2021.

On June 2, 2021, the County Committee received an update from LACOE staff on the status of the City's petition and voted to schedule the continuation of the preliminary hearing for September 18, 2021.

On July 12, 2021, the City Council authorized Amendment No. 4 to the Professional Services Agreements with KCA for a total contract amount not to exceed \$70,000 and Ryland SBC for a total contract amount not to exceed \$160,710 for additional analysis, coordination and public outreach needed to support the City's petition through the extended preliminary hearing process.

At the conclusion on the September 18 Preliminary Public Hearing, the County Committee voted to move the City's petition forward into the regular petition process which will examine the nine (9) criteria for school district organization established by the California Department of Education.

On October 11, 2021, the City Council authorized Amendment No. 5 to the Professional Services Agreement with KCA for a total contract amount not to exceed \$103,000 and Amendment No. 5 to the Professional Services Agreement with Ryland SBC for a total contract amount not to exceed \$222,710 to support the City's petition through the regular hearing process.

As part of regular petition process, the State Department of Education recommends that a public hearing on the petition be held within 60 days of the preliminary approval and that the County Committee adopts the final recommendation within 120 days from the public hearing. On November 10, 2021, the County Committee held a public hearing on the City's petition. On January 26, 2021, the City submitted its "Feasibility Analysis of the Proposed Reorganization of Santa Monica-Malibu Unified School District into Two Separate Districts" to the County Committee addressing the State's nine (9) criteria.

As part of the City's ongoing effort to reach an agreement with SM-MUSD on the financial terms of separation, the City has repeatedly asked SM-MUSD to engage in mediation. In January 2022, SM-MUSD agreed to engage in mediation with the City. At the February 2 County Committee Meeting, the City asked that the County Committee delay its review of the City's petition to allow time for mediation discussions.

The existing scope focused on the petition process and did not include mediation and the additional analysis, coordination and meetings needed to support the mediation along with the regular hearing process. On January 24, 2022, as part of the Mid-Year Budget Adjustment, the City Council allocated additional funding in City Council Professional Services (Account No. 100-7001-5100-00) to support school district separation and the mediation process in particular.

Mediation between the City and SM-MUSD regarding the financial terms of separation is still underway. This process has taken longer than initially anticipated but continues to be positive. The term of the agreements do not reflect the time associated with the mediation process and the abeyance of the County Committee's decision on the City's petition to allow time for mediation and are set to expire on June 30, 2022.

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.

Staff is recommending that the budget for these agreements be amended as shown in the attached to reflect the anticipated work necessary to support the City through the mediation and hearing process and to extend the term until June 30, 2023. These amendments would increase the not to exceed amount of each contract by \$25,000. As a result, the Professional Services Agreement with KCA would have a total contract amount not to exceed \$128,000 and the Professional Services Agreement with Ryland SBC would have a total contract amount not to exceed \$247,710. It is anticipated that mediation will conclude this summer. If the mediation is successful, the City will need to work with SM-MUSD to either amend its current petition or submit a new petition. If the mediation is unsuccessful, the City will ask the County Committee to proceed with its current petition and the County Committee will hold a public meeting(s) to decide whether or not to approve the City's petition and forward it to the State for further review. At that time, the City will need to evaluate how best to move forward and determine what additional consultant support is needed if any.

In 2000, the state legislature amended the Education Code to create a process for a local agency such as a City to submit a petition for unification. The City is not aware of another jurisdiction that has submitted a petition. The unknown nature of the City-initiated petition process has made it challenging to define the scope and resources needed to move the petition forward. For this reason and in recognition of the fact that there are several key decision points along the petition approval process, staff has repeatedly returned to the Council to review and approve amendments to these consultant contracts.

ATTACHMENTS:

1. Amendment 6 to the Professional Services Agreement with Kirk-Carter and Associates
2. Amendment 6 to the Professional Services Agreement with STLR Corp, dba Ryland School Business Consulting

AMENDMENT NO. 6 TO AGREEMENT

THIS AMENDMENT NO. 6 TO AGREEMENT is made and entered in the City of Malibu on June 27, 2022, by and between the CITY OF MALIBU, hereinafter referred to as City, and Kirk-Carter and Associates, hereinafter referred to as Consultant.

The City and the Consultant agree as follows:

RECITALS

- A. On August 9, 2018, the City entered into an Agreement with Consultant for certain project relating to financial analysis regarding the potential unification of Malibu schools (the “Agreement”). The agreement was for \$7,500.
- B. On April 22, 2019, the City entered into Amendment No. 1 to increase scope of work, increase the budget and extend the term for one year.
- C. On August 10, 2020, the City entered into Amendment No. 2 to increase the budget and extend the term of the agreement for two years.
- D. 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.
- E. On February 22, 2021, the City entered into Amendment No. 3 to increase the scope of work and increase the budget.
- F. On July 12, 2021, the City entered into Amendment No. 4 to increase the budget.
- G. On October 11, 2021, the City entered into Amendment No. 5 to increase the budget.
- H. 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, and as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4 and Amendment No. 5, is hereby amended as set forth in Exhibit H attached hereto and shall replace all previous scopes of work.
- 2. Section 2.0 – Term of Agreement, of the Agreement, and as amended by Amendment No. 1 and Amendment No. 2 to Agreement, and is hereby extended to June 30, 2023.
- 3. Section 4.0 – Compensation for Services, of the Agreement, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, and Amendment No. 5 is hereby amended as set forth in Exhibit H attached hereto and 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 \$150 for financial analysis regarding the potential unification of Malibu schools. The cost of work described in Exhibit A and B to the Agreement shall not exceed \$7,500, the cost of work described in Exhibit C and D shall not exceed \$17,500, the cost of work described in Amended Exhibit D to the Agreement shall not exceed \$20,000 the cost of work described in Exhibit E to the Agreement shall not exceed \$15,000, the cost of work described in Exhibit F to the Agreement shall not exceed \$10,000 and the cost of work described in Exhibit G to the Agreement shall not exceed

\$33,000 and the cost of work described in Exhibit H to the Agreement shall not exceed \$25,000 Compensation shall in no case exceed \$128,000. No additional compensation shall be paid for any other expenses incurred unless first approved by the City Manager, or his/her designee.

4. 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.
5. All terms and conditions of the Agreement not amended by this Amendment No. 6 remain in full force and effect.

This Agreement is executed on _____, 2022, at Malibu, California, and effective as of June 13, 2022.

CITY OF MALIBU:

PAUL GRISANTI, Mayor

ATTEST:

KELSEY PETTIJOHN, 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: La Tanya Kirk-Carter
Title: President/Associate

Professional Services Agreement with Kirk-Carter and Associates
Scope of Work and Compensation Schedule
Amendment 6

EXHIBIT H

Scope of Services

The Scope of Work described herein shall replace the Scope of Work in the following:

- Original Professional Services Agreement (PSA) (Exhibit A)
- Scope of Work in Amendment 1 to the PSA (Exhibit C)
- Scope of Work in Amendment 3 to the PSA (Exhibit E)
- Scope of Work in Amendment 4 to the PSA (Exhibit F)
- Scope of Work in Amendment 5 to the PSA (Exhibit G)

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 with Basic Aid school districts and performing financial analysis, producing budgets and financial models for school districts. The Consultant has specialized knowledge of Local Control Funding Formulas, Basic Aid school districts, school bonds and school district budgeting.

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, the City's petition for creating a Malibu Unified School District (MUSD) to the Los Angeles County Committee on School District Organization and mediation with SM-MUSD on the financial terms of separation. 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:

- Analyze, evaluate and research existing and proposed school district financial models.
- Develop additional financial models, spreadsheets, presentation materials, research, reports and outreach materials as requested.

- Attend, present and participate in School District Separation Ad Hoc Committee meetings, public meetings including LACOE's County Committee meeting(s), negotiation discussions with SMMUSD, and community outreach meetings and other meetings as requested or required.
- Prepare research, reports, spreadsheets, and presentations, for City Attorney in accordance with the Public Records Act and while maintaining appropriate privileges and exemptions.
- Prepare materials for community outreach.
- Analyze, evaluate, research and prepare reports related to demographic/enrollment criteria and models, cohort analysis and trends, education curricula, facility condition assessments, facility use models and other functions related to the criteria for the Unification of School Districts and Territory Transfers.
- Conduct research, develop financial modeling, and prepare reports related to risk management functions, other post-employment benefits, and human resource implementation strategies related to the proposed Malibu Unified School District.
- Document and/or refine procedures and results.
- Under the supervision of City Attorney, coordinate with School District Separation Ad Hoc Committee, City staff, consultants and others as assigned.
- Support the City's mediation with SM-MUSD on the financial terms of separation including but not limited to attending mediation meetings, preparing mediation-related materials and performing mediation-related analysis.
- Update the City's feasibility analysis as directed in response to the mediation efforts.
- Perform other project related tasks or projects as requested, assigned, or approved by City Attorney.

Fee and Cost Schedule

The Consultant shall be paid an hourly rate of \$150 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, Exhibit E and Exhibit F) and the work approved under this Scope of Service (Exhibit G) shall not exceed \$128,000.

AMENDMENT NO. 6 TO AGREEMENT

THIS AMENDMENT NO. 6 TO AGREEMENT is made and entered in the City of Malibu on June 27, 2022, 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, 2020, 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, increase the budget and extend the term of the agreement.
- E. On May 13, 2021, the City amended the Agreement to amend the scope and increase the budget.
- F. On July 12, 2021, the City amended the Agreement to amend the scope and increase the budget.
- G. On October 11, 2021, the City amended the Agreement to amend the scope, extend the term and increase the budget.
- H. The City desires to amend the Agreement to amend the scope, and 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 H attached hereto and shall replace Exhibit A, Exhibit C, Exhibit D, Exhibit E, Exhibit F, and Exhibit G.
- 2. Section 2.0 – Term of Agreement, of the Agreement, and as amended by Amendment No. 5 to Agreement, is hereby extended to June 30, 2023.
- 3. Section 4.0 – Compensation for Services, of the Agreement, as amended Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, and Amendment No. 5 is hereby amended as set forth in Exhibit H attached hereto and 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 work described in Exhibit A to the Agreement shall not exceed \$24,960, the cost of work described in Exhibit C to Amendment No. 1 shall not exceed \$48,750, the cost of work described in Exhibit D to Amendment No. 2 shall not exceed \$45,000, the cost of work described in Exhibit E shall not exceed \$20,000, the cost of work described in Exhibit F

shall not exceed \$22,000, the cost of work described in Exhibit G shall not exceed \$62,000 meaning and the costs of work described in Exhibit H shall not exceed \$25,000 meaning the total cost for all work performed under the Agreement as amended by this Amendment No. 6 shall not exceed \$247,710. The Consultant shall only bill the City for hours actually incurred.

- 4. 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.
- 5. All terms and conditions of the Agreement not amended by this Amendment No. 5 remain in full force and effect.

This Agreement is executed on _____, 2022, at Malibu, California, and effective as of June 13, 2022.

CITY OF MALIBU:

PAUL GRISANTI, Mayor

ATTEST:

KELSEY PETTIJOHN, City Clerk
(seal)

APPROVED AS TO FORM:

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

JOHN COTTI, Interim City Attorney

CONSULTANT:

DocuSigned by:
Teresa R. Ryland
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By: Teresa R. Ryland
Title: President

Professional Services Agreement with STLR Corp,
dba Ryland School Business Consulting
Amendment No. 6

EXHIBIT H

Scope of Services

The Scope of Work described herein shall replace the following:

- Scope of Work in the original Professional Services Agreement (PSA) (Exhibit A)
- Scope of Work in Amendment No. 1 to the PSA (Exhibit C)
- Scope of Work in Amendment No. 2 to the PSA (Exhibit D)
- Scope of Work in Amendment No. 3 to the PSA (Exhibit E)
- Scope of Work in Amendment No. 4 to the PSA (Exhibit F)
- Scope of Work in Amendment No. 5 to the PSA (Exhibit G)

The City of Malibu has been in negotiations with the Santa Monica Malibu Unified School District (SM-MUSD) 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 SM-MUSD 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 SM-MUSD, the City's petition for creating a Malibu Unified School District (MUSD) to the Los Angeles County Committee on School District Organization and mediation with SM-MUSD on the financial terms of separation. 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.
- Support the City's mediation with SM-MUSD on the financial terms of separation including but not limited to attending mediation meetings, preparing mediation-related materials and performing mediation-related analysis.
- Update the City's feasibility analysis as directed in response to the mediation efforts.

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, Exhibit D, Exhibit E, Exhibit F and Exhibit G) and the work approved under this Scope of Service (Exhibit H) shall not exceed \$247,710.