



CITY OF SEBASTOPOL

Sonoma County, California

REQUEST FOR PROPOSALS

COST ALLOCATION PLAN

Issue Date:	XXXXXXXX
Proposals Due:	XXXXXXXXXXXX at 5:00 p.m. PDT
RFP Contact:	Mary Gourley, City Manager
Email:	mgourley@cityofsebastopol.gov



Phone: (707) 823-7863

Deliver electronic proposals (PDF) to: **mgourley@cityofsebastopol.gov**
Subject line: [FIRM NAME] – Cost Allocation Plan RFP

City of Sebastopol
7120 Bodega Avenue | P.O. Box 1776
Sebastopol, CA 95472
www.cityofsebastopol.gov

Proposals must be received by the due date and time. Late proposals will not be considered.



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I. INTRODUCTION

The City of Sebastopol ("City") is soliciting proposals from qualified professional consulting firms ("Consultant" or "Proposer") to develop a comprehensive Cost Allocation Plan ("CAP" or "Plan"). The selected Consultant will review the City's existing Cost Allocation Plan (most recently updated in 2024), identify opportunities for improvement, and deliver an updated, defensible, and user-friendly Plan along with a flexible Excel-based model that City staff can maintain and update annually.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this Request for Proposals (RFP). The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that firm is ultimately selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the subsequent contract between the City and the selected firm.

To be considered, one electronic copy (PDF) of the complete proposal must be received by the City no later than **August 21, 2026 at 5:00 p.m. PDT**. Proposals are to be emailed to mgourley@cityofsebastopol.gov with the subject line "[FIRM NAME] – Cost Allocation Plan RFP". The City reserves the right without prejudice to reject any or all proposals submitted. Late proposals will not be considered.

It is anticipated that selection of a firm will be completed and the contract executed by early September 2026, with project kickoff in October 2026 and final deliverables completed by December 2026 / January 2027.

A. Term of Engagement

The City wishes to negotiate a professional services agreement on a time-and-materials basis with a "not-to-exceed" total fee based on a clearly defined scope of work. Progress payments will be made monthly based on hours and expenses incurred, with a ten percent (10%) retainage held until delivery and acceptance of the final Plan and model.

B. Inquiries

All inquiries regarding this RFP, the proposal process, and any technical questions should be directed electronically to Mary Gourley, City Manager, at mgourley@cityofsebastopol.gov. Unauthorized contact with other City employees or officials regarding this RFP may result in disqualification.

II. BACKGROUND

The City of Sebastopol is a general law city located in western Sonoma County, California, approximately 50 miles north of San Francisco. With a population of approximately 7,521 (2020 Census), Sebastopol is known for its agricultural heritage (notably Gravenstein apples), commitment to sustainability, vibrant downtown, and high quality of life. The City operates under a Council-Manager form of government with a five-member City Council elected at-large for staggered four-year terms. The Council appoints the City Manager, City Attorney, and City Clerk.

The City provides a full range of municipal services including police protection, fire protection, public works (streets, facilities, parks), planning and building services, and administrative services. The City also operates enterprise funds for water and sewer utilities. Fire services are provided directly by the City (not a joint powers authority).

The City's most recent adopted budget (FY 2026-27) totals approximately \$16.5 million and reflects ongoing fiscal challenges, including a projected General Fund deficit. In response to a Civil Grand Jury report and to improve financial transparency and equity, the City commissioned and adopted a new Cost Allocation Plan in 2024 prepared by ClearSource Financial Consulting (with a FY 25-26 update). Prior to that, the City's cost allocation methodology had not been comprehensively updated in over two decades.



The City now seeks a qualified consultant to perform a fresh, comprehensive review and update of the Cost Allocation Plan. The goals include ensuring the Plan remains current with the latest organizational structure and budget data, enhancing the usability and transparency of the supporting model, strengthening compliance with applicable State and Federal guidelines (including OMB Uniform Guidance and State Controller's Office cost claiming standards), and providing robust support for accurate cost allocation to the City's enterprise funds and General Fund departments.

III. PROJECT OBJECTIVES

The primary objective of this engagement is to produce a high-quality, defensible Cost Allocation Plan and accompanying dynamic model that enables the City to:

- Accurately identify and allocate all appropriate direct, indirect, and overhead costs across City departments, funds, and functions in accordance with best practices and applicable guidelines.
- Support transparent and equitable cost recovery, internal service charging, grant reimbursement claims, and enterprise fund (water/sewer) allocations.
- Provide City staff with a flexible, well-documented Excel model that can be easily updated annually or as organizational changes occur, including the ability to run scenario analyses for new or modified services.
- Deliver clear documentation, training, and ongoing support so that the Plan and model remain living tools rather than static reports.
- Identify any policy, procedural, or structural recommendations that would improve the City's cost accounting and allocation practices going forward.

IV. SCOPE OF SERVICES

The Consultant shall perform all work necessary to achieve the project objectives. The following scope is provided as a baseline; Proposers are encouraged to suggest refinements, enhancements, or alternative approaches that would deliver superior value while remaining within a reasonable budget and timeline.

Task 1: Project Initiation and Scope Refinement

- Conduct a kickoff meeting (virtual or on-site) with key City staff (City Manager, Administrative Services Director, department heads, and Enterprise Fund Oversight Committee representatives as appropriate) to confirm project goals, scope, timeline, data needs, and communication protocols.
- Review and discuss the existing FY 2025-26 Cost Allocation Plan, recent Grand Jury findings, Enterprise Fund Oversight Committee work, and any specific concerns or priorities identified by the City.
- Finalize a detailed work plan and data request list.

Task 2: Data Collection, Review, and Interviews

- Collect and review current and prior-year budgets, actual expenditure data, organizational charts, position control, time studies (if available), existing allocation methodologies, and supporting documentation.
- Conduct interviews and/or working sessions with department directors and key staff to understand operational activities, time allocation, service levels, and any unique cost drivers or allocation challenges.
- Document current practices, identify gaps or inconsistencies in the existing CAP, and note areas where allocation bases may be improved for defensibility or equity (particularly for water and sewer enterprise funds).
- Assess the City's current staff time tracking systems, time studies, and timekeeping processes. Identify gaps in time tracking data and recommend improvements or a time tracking framework/module to support accurate, ongoing cost allocations and future Plan updates.

Task 3: Development / Update of Cost Allocation Model and Plan



- Develop or substantially update a comprehensive Cost Allocation Model in Microsoft Excel (or mutually agreed equivalent) utilizing the most recent adopted budget (FY 2026-27) and available actual data.
- The model shall meet or exceed the following requirements:
 - a) Full allocation of General Fund and other central service costs (finance, HR, IT, City Manager, Clerk, facilities, etc.) to benefiting departments and funds using appropriate, documented allocation bases.
 - b) Clear identification of direct costs, indirect/overhead costs, and resulting full cost of services by department/function.
 - c) Specific, transparent allocation to the Water and Sewer Enterprise Funds consistent with industry standards and Proposition 218 principles where applicable.
 - d) Ability for the City to easily add, revise, or remove cost pools, allocation bases, or organizational units from year to year.
 - e) Built-in scenario / "what-if" capability to estimate costs of new or expanded services.
 - f) User-friendly interface with clear instructions, dropdowns or input cells where appropriate, and automated calculations.
 - g) Identification of the total cost of providing each City service at the appropriate activity level and in a manner consistent with all applicable laws, statutes, rules, and regulations governing the collection of fees, rates, and charges by public entities.
 - h) Determination of the appropriate General and Administrative overhead allocations to City activities and applicable overhead rates for use in calculating the City's billable hourly rates.
- Prepare a written Cost Allocation Plan report that documents the methodology, allocation bases, resulting percentages/rates, key assumptions, and any recommendations for policy or procedural improvements.

Task 4: Reporting, Presentations, and Training

- Conduct a minimum of two (2) meetings/presentations with the Enterprise Fund Oversight Committee (EFOC) and/or Budget Committee — one to present and review the draft Plan and model, and one to address feedback and revisions as needed.
- Deliver a minimum of two (2) presentations to the City Council — one preliminary presentation of the draft findings and one formal presentation of the final Cost Allocation Plan and model for adoption.
- Provide comprehensive documentation including a user guide or instructions for annual model updates.
- Conduct one (1) on-site or virtual training session (2–3 hours) for designated City staff on maintaining and updating the model and Plan.
- Remain available (at no additional cost beyond reasonable expenses) for up to 12 months after final delivery to answer questions or assist with minor refinements, and to support the City in the event of an audit or challenge to the Plan (subject to a mutually agreed scope and rate for significant additional work).

Task 5: Deliverables

- Final Cost Allocation Plan report in editable Microsoft Word format (and PDF).
- Fully functional, documented Excel Cost Allocation Model with all supporting schedules, allocation worksheets, summary reports, and user instructions.
- Executive summary suitable for Council and public distribution.
- Presentation materials (PowerPoint) for staff and Council meetings.
- Training materials and recorded session (if virtual) or detailed notes.
- All working papers and source data files organized and provided electronically.

V. SUBMITTAL REQUIREMENTS

To be considered responsive, proposals must address all items below in the order presented and be clear, concise, and professionally presented. Proposals should demonstrate the firm's understanding of the City's needs, relevant experience, and proposed approach.

A. Cover Letter / Transmittal Letter



The letter must be signed by an individual authorized to bind the firm contractually. It should briefly state the proposer's understanding of the work, commitment to perform within the stated timeline, why the firm believes it is best qualified, and confirmation that the proposal is a firm offer for 120 days. Include name, title, address, phone, and email of the primary contact person.

B. Project Approach and Proposed Scope of Work

Provide a detailed description of the firm's proposed approach, including how the existing 2024 CAP will be leveraged, any recommended enhancements to the scope or methodology, phased work plan with measurable deliverables, quality control processes, and communication plan with City staff.

C. Project Schedule and Timeline

Submit a realistic project schedule (Gantt chart or detailed table) from kickoff through final Council presentation and training. Identify critical path items and any assumptions regarding City staff availability or data turnaround times.

D. Experience and Qualifications

Provide a brief history of the firm (year established, ownership, primary location, relevant service lines). Describe the firm's specific experience completing Cost Allocation Plans or similar fiscal studies for California cities, counties, or special districts—preferably those of comparable size with enterprise utility funds. Highlight any work involving water/sewer allocations, Grand Jury responses, or complex multi-fund environments. Note key program advantages that differentiate the firm.

E. Sample Completed Reports

Provide (or make available via secure link) two (2) recent examples of Cost Allocation Plans or comparable comprehensive fiscal studies the firm has completed for California local government clients. Include a brief description of the project scope and outcome for each.

F. References

Provide a minimum of three (3) client references for similar work performed within the past five (5) years. For each reference include: client name and location, project description and dates, key personnel assigned from your firm, client contact name/title/phone/email, and whether the project is complete.

G. Resumes and Qualifications of Proposed Personnel

Identify the proposed Project Manager/Lead Consultant and all key team members, their roles, office location, relevant experience (especially CAP work for CA agencies), education, certifications, and licenses. Attach brief resumes (1–2 pages each) for key personnel. The lead consultant should have substantial hands-on experience developing defensible cost allocation plans.

H. Fee Schedule and Cost Proposal

Submit a detailed fee proposal on a task-by-task basis. Include:

- Estimated total hours and not-to-exceed fee for the entire scope.
- Breakdown by major task/phase showing hours by personnel classification (Partner/Principal, Senior Consultant, Analyst, etc.) and applicable hourly rates.
- Standard published hourly rates for all proposed personnel (these rates will be used for any authorized additional work).
- Assumptions underlying the estimate (e.g., number of on-site visits, data availability, City staff support level).
- Identification of any reimbursable expenses (travel within the Bay Area/North Bay is generally not reimbursable unless pre-approved; virtual meetings are preferred where effective).

The City will not be responsible for costs incurred in preparing the proposal.

I. Conflict of Interest



Disclose any actual or potential conflicts of interest. The City will not contract with a firm if any principal, officer, or immediate family member has served as an elected official, employee, or board/commission member of the City who could influence the contract, or if any financial interest would be affected by the engagement. Proposals may be disqualified on conflict grounds.

J. Proposed Changes to Standard Agreement

The selected firm will be required to execute the City's standard Professional Services Agreement (sample available upon request). Any requested modifications to the standard terms (insurance requirements, indemnification, ownership of documents, etc.) must be clearly stated in the proposal. The City reserves the right to reject proposals with unacceptable modifications.

K. Insurance and Other

The selected Consultant will be required to maintain insurance meeting or exceeding the City's minimum requirements (Commercial General Liability \$1M/\$2M, Auto \$1M, Workers' Compensation statutory, Professional Liability \$1M/\$2M). A certificate of insurance naming the City as additional insured will be required prior to contract execution. Proposers should confirm ability to meet these requirements.

VI. SUBMISSION OF PROPOSAL

Proposals must be submitted electronically as a single PDF file to Mary Gourley at mgourley@cityofsebastopol.gov no later than **XXXXXXXX at 5:00 p.m. PDT**. The email subject must read: "[FIRM NAME] – Cost Allocation Plan RFP". Proposals received after the deadline or that are incomplete will not be considered. The City reserves the right to reject any or all proposals, to waive minor irregularities, and to negotiate with one or more proposers.

VII. SELECTION CRITERIA AND PROCESS

Proposals will be evaluated based on the following criteria (not necessarily in order of weight):

1. Quality, completeness, and professionalism of the proposal and responsiveness to RFP requirements.
2. Demonstrated relevant experience performing Cost Allocation Plans and similar fiscal studies for California local governments, especially cities with enterprise utility funds.
3. Qualifications, experience, and availability of the proposed project team and lead consultant.
4. Soundness and creativity of the proposed approach and methodology, including how the existing CAP will be utilized and improved.
5. Reasonableness of the proposed fee relative to scope, and demonstrated ability to complete the project on schedule.
6. Strength of references and past performance on similar engagements.
7. Proposed management/communication plan and value-added recommendations.

After initial review, the City may invite one or more firms for interviews (virtual or in-person) or may proceed directly to contract negotiations with the highest-ranked proposer. Interviews, if held, are anticipated during the week of August 24, 2026. The City reserves the right to cancel this RFP, reject any or all proposals, or waive minor informalities if it is in the City's best interest.

VIII. ANTICIPATED TIMELINE

Date	Milestone
XXXXXXX	RFP Issued



XXXXXXXXXX 5:00 p.m.	Deadline for Written Questions
XXXXXXXXXX 2026	City Responses to Questions / Addenda Issued
AXXXXXXXXXXX 5:00 p.m. PDT	Proposals Due
XXXXXXXXXX 2026	Interviews (if required)
XXXXXXXXXX2026	Contract Award / Notice to Proceed
XXXXXXXXXX 2026	Project Kickoff Meeting
XXXXXXXXXX 2026	Draft Report & Model to City Staff
XXXXXXXXXX	Final Report, Model, Training & Council Presentation

Note: The City reserves the right to adjust this schedule at its sole discretion. Proposers should build reasonable flexibility into their own schedules.

IX. QUESTIONS, ADDENDA, AND CITY WEBSITE

All questions must be submitted in writing via email to Mary Gourley at mgourley@cityofsebastopol.gov with the subject line "Cost Allocation Plan RFP Question – [FIRM NAME]". Questions must be received by the deadline listed in the timeline. Questions received after that date will not be answered. Responses to questions and any addenda will be posted on the City's website (www.cityofsebastopol.gov) under the Bids, RFPs, or Purchasing section (or equivalent). Proposers are solely responsible for checking the website for addenda prior to submitting a proposal. Oral communications are unofficial and non-binding.

X. ATTACHMENTS

The following will be made available upon request or via the City's website:

- Attachment A: Sample City of Sebastopol Professional Services Agreement (standard boilerplate)
- Attachment B: Most recent adopted City Budget (FY 2026-27) and organizational charts (or links)
- Attachment C: Current / most recent Cost Allocation Plan (FY 25-26) for reference
- Attachment D: Relevant financial policies or prior studies (if applicable)

By submitting a proposal, the Proposer acknowledges that they have read, understand, and agree to comply with all terms and conditions set forth in this Request for Proposals.