

MAYOR & COUNCIL COMMUNICATION

DATE: November 1, 2011

REGULAR

ITEM #:

Informational

AGENDA ITEM: City Administrator's Report

SUBMITTED BY: Craig W. Dawson, Interim City Administrator

1) Interim Finance Director

As I listened to the Council's conversation on the interim finance director during its October 18 meeting, a majority of the councilmembers indicated that they would want to review the final report by Springsted Incorporated regarding the City's finance function before discussing the issue further. I have contacted Ann Antonsen of Springsted and related the urgency of the delivery of this report. As yet we have not received it. Consequently, this item was not placed on the agenda for the Council's November 1 meeting.

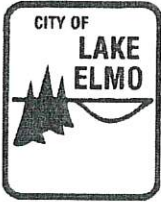
2) Interim plan for City Planner duties

City Planner Kelli Matzek has tendered her resignation effective November 4, 2011. I have directed Planning Director Kyle Klatt to identify critical day-to-day activities as well as discrete long-term projects that must have attention during the probable four-or-so-month recruitment process to fill the City Planner position. I have contacted nearby city administrators about possible assistance from their planning staffs, and Kyle has contacted some consulting planners to gauge their interest. We plan to firm up our expectations and present proposals for Council's consideration as soon as possible.

Carol Kriegler will take over for Kelli in terms of staff assistance for library matters.

3) Resident's kudos to Public Works

On Friday, October 21, public works staff spent much of the day repairing a watermain break along 34th Street North. Late in the day I received a call from a resident expressing her appreciation for the work done by the crew and their consideration to let residents know that their water would be shut off soon. (In her case, she was able to get in a quick shower.) She then left a similar message on Mike Bouthilet's voicemail, so that he could share it with the rest of the staff.



MAYOR & COUNCIL COMMUNICATION

DATE: November 1, 2011

REGULAR

ITEM #: 17

Motion

AGENDA ITEM: Extension of Scope of Services by C&J Consulting Services, LLP
SUBMITTED BY: Craig W. Dawson, Interim City Administrator
REVIEWED BY: Joe Rigdon, Interim Finance Director

SUMMARY AND ACTION REQUESTED: The Finance Department (i.e., the Interim Finance Director and C&J Consulting Services, the support services contractor,) have had a few weeks to review the scope of services performed by C&J and the workload that needs to be handled by the Finance Department. As a result of these discussions, it appears that some shifting of clerical work among the C&J staff and the addition of analytical/project management functions will provide the most cost-effective arrangement to handle the work necessary in the Finance Department. These additional services would be assigned by the (Interim) Finance Director as needed. Both Joe Rigdon and I have reviewed the C&J proposal, and believe that it is reasonable for the smooth and effective functioning of the Finance Department at this time. It is also timely to consider tonight in order to expedite the work of the Department (instead of waiting until the next Council meeting on November 15).

The following motion to approve the modification of the contract:

**“Motion to approve the modification of the contract
between the City and C&J Consulting Services, LLP
per its proposal dated October 31, 2011
(and as may be amended or modified during the Council meeting).”**

ATTACHMENTS:

- Proposed modification to services contract with C&J Consulting Services, LLP, dated October 31, 2011
- C&J 2011 contract proposal dated December 29, 2010

SUGGESTED ORDER OF BUSINESS:

- Introduction & Report.....Interim City Administrator
- Questions from Council to Staff.....Mayor Facilitates
- Public Input, if Appropriate.....Mayor Facilitates
- Discussion..... Mayor & Council Members
- Motion(s)Mayor Facilitates

C&J Consulting Services, LLP

5761 Keats Avenue N
Lake Elmo, MN 55042
cbendelmn@msn.com
(651) 295-1984

October 31, 2011

Craig Dawson, Interim City Administrator
Joe Rigdon, Interim Finance Director
City of Lake Elmo
3800 Laverne Avenue N
Lake Elmo, MN 55042

Dear Craig and Joe:

As discussed in detail with Joe, the scope of the functions we have historically been performing will need to be expanded significantly. Historically if there were any functions that needed to be performed by C&J that were not of a clerical support nature, a proposal needed to be submitted and reviewed on a case by case basis.

In the absence of a Finance Director, and due to Joe's limited availability, there are a number of functions that have been identified that can and need to be covered by Cathy of C&J to be most cost effective.


As a result, I propose modifying the existing contract to be as follows:

Joan, of C&J, will perform all clerical support functions. This includes but is not limited to Accounts Payable, Payroll and Utility Billing. There is a detailed functions list that has been reviewed and approved by the Interim Finance Director. C&J will bill for these functions at a rate of \$25 per hour.

Cathy of C&J, will perform all analytical and project management functions. This includes but is not limited to all systematic and regulatory maintenance and reporting, as well as all special projects assigned by the Interim Finance Director. All clerical support functions previously performed by Cathy will now be moved to Joan. C&J will perform these analytical and other special projects as assigned by the Finance Director at a rate of \$50 per hour.

I suggest that these changes become effective November 1st, 2011 and will remain in effect until a new Finance Director has been hired and the functions are transitioned back to the replacement. At the point in time a new Finance Director is hired, I will submit a new proposal for consideration.

Best Regards,



Cathy Bendel Schachtner

C & J Consulting Services, LLP

5761 Keats Avenue N
Lake Elmo, MN 55042
cbendelmn@msn.com
(651) 295-1984

December 29, 2010

Bruce Messelt, City Administrator
Tom Bouthilet, Finance Director
City of Lake Elmo
3800 Laverne Ave N
Lake Elmo, MN 55042

Dear Bruce & Tom:

As you are both aware, the scope of the functions that we have been asked by you to perform has been expanded in the last 4 months. Although we are very happy about the progress we have made related to delinquent water bills, as well as being able to resolve many customer issues, we have been performing extensive analysis and resolution which is outside the scope of our original contract with the City of Lake Elmo. Although we look forward to the additional system and programmatic enhancements we have discussed, the functions and expertise necessary to perform those functions, far exceeds what would be considered "clerical support". Our original proposal dated July 1, 2009, in response to the request for services ("clerical accounting services"), focused on the functions to be performed which at that time were truly only clerical support in nature, but that is no longer the case.

As a result, before beginning the systematic enhancements discussed related to the water billing system, I would like to review and renew our contract for 2011. For 2011, I propose the following rate structure:

Quote for current services:

To do the A/P and Payroll services as outlined in your original document, we estimated that it would take approximately 50 hours per month. For 2010 these functions took significantly less time. Our hourly rate for these clerical support functions would continue to be \$25 per hour resulting in a maximum monthly fee of \$1,250. (In addition to the activity listed, it is assumed we would continue to be responsible to keep the vendor W-9 copies current as well as the employee W-4's).

Please note that in addition to these services, last year we were asked to do all the Quarterly and Annual AP and Payroll processing which was outside the scope of our contract. This included generating the annual 1099's/1096 to vendors, and the quarterly 941's, state withholding reporting and reconciliation as well as the annual W-2's and W-3's related to payroll. Although we were and are happy to provide these services, our typical rate for these functions ranges from \$50-\$75 per hour. If you would like us to perform these year-end services for 2010, our proposed rate is \$50 per hour.

Related to Utility billing as outlined in your document, we had estimated that it would take approximately 20 hours per quarter to do the quarterly billings and 60 hours per year to do the annual billings. Although this was true for general processing if all accounts were current and up to date in the system, there was a significant back log to be worked through. As a result, we have spent far more time on cleaning up delinquent accounts than anticipated. Our original proposal did not address taking customer calls which we took over in September 2010. Our hourly rate for these clerical support functions would continue to be \$25 per hour but we thought it best to document the additional responsibilities.

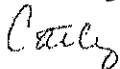
Quote for future services:

Numerous enhancements have been identified which would streamline the water billing process/cycle and result in cost savings to the City. They include merging the billing accounts so that customers would receive a combined bill for base water, sewer and surface water rather than the multiple bills they currently receive, developing and implementing direct customer pay capability, emailing bills out to customers to save on postage and overhead costs, as well as streamlining the relevant journal entry generation to name a few. Our typical hourly rate for these analytical/project management type functions ranges from \$50-\$100 depending on the scope and difficulty of the specific functions. For the previously mentioned functions our rate is \$50 per hour.

Please also consider that there are a number of other functions we have offered to assist with which would save the City additional funds. These would include bank reconciliations, audit schedule preparation, bond analysis schedules and worksheets, as well as budget preparation and compilation to name a few. The rate for any of these analytical functions would also be \$50 per hour.

Please let me know when you might have an opportunity to discuss this proposal further.

Best Regards,



Cathy Bendel Schachtner