

Agenda Report

TO:

CITY COUNCIL

DATE:

August 17, 1998

FROM:

CYNTHIA J. KURTZ, ACTING CITY MANAGER

SUBJECT:

AMENDED APPROVAL OF SERVICE AGREEMENT WITH

PUBLIC HEALTH FOUNDATION ENTERPRISES (PHFE)

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to approve a service agreement with Public Health Foundation Enterprises, Inc. (PHFE) at their Federally-approved indirect rate.

BACKGROUND:

On July 20, 1998, the City Council authorized the City Manager to approve a service agreement with Public Health Foundation Enterprises, Inc. (PHFE) for business and management services associated with grant-supported positions in the Public Health Department, beginning in FY 1999 at a rate of 8.1 % of Total Modified Direct Cost (TMDC). The rate was based on figures available from PHFE at the time the Agenda Report was prepared. Recently, PHFE received Federal approval of a change in their indirect rate based on their current indirect cost pool and cost allocation plan. This new indirect rate of 8.9% is passed on to clients such as the City of Pasadena Public Health Department.

PHFE has had a relatively stable indirect rate over the last four years. However, future changes may occur as costs increase. For this reason, it is preferred that the PHFE Service Agreement stipulate that charges will be equivalent to their current indirect rate rather than a specific figure. Decisions on use of PHFE management and business services will be made on a case by case basis contingent on whether or not funding is available to cover the full costs of utilizing PHFE.

AFFIRMATIVE ACTION:

Exemption from competitive bidding has already been approved for this service agreement. This revision in the indirect rate does not affect the Affirmative Action status.

MEETING OF 8/17/98

AGENDA ITEM NO. 4.A.4.

FISCAL IMPACT:

This revision in the indirect rate will have no bottom line impact on estimated revenues and appropriations in the Health Fund, although it may affect how funds are expended.

Respectfully submitted,

Acting City Manager

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Health Officer and Director of Public Health

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