



Memo

To: Honorable Mayor Armitage; City Council
From: City Manager LaPere, MPAP
Date: April 15, 2022
Re: Staff report on Grant Consulting proposals

Background

At City Council's request, the city put forth a request for proposals (RFP) for grant consultant services to solicit proposals from grant writing professionals to assist the City in researching and obtaining grant funding. The scope of work requested included researching grant funding opportunities based on the city's eligibility and needs, writing grant proposals for the city, and providing grant administration as needed. We received three responses to the RFP, see bid tab below:

Company Name	Rate per Hour	Base Services Included per Month	Extra Costs	Annual Cost
G&G Municipal Consulting and Grant Writing	n/a	- Unlimited grant research - Unlimited number of grants written, up to 50h each month per grant - Monthly meetings	- Grant administration not covered by grant at \$145/h upon request - any service not covered under scope of work \$145/h	\$39,900 per year
Lance Consultants, LLC	\$93.45/h administrative \$114.60/h grant research \$48.56/h grant writing	- max of 67.5 hours per month on all meetings, grant writing, and research	n/a	Variable based on hours worked
Grantsmanship Consulting, LLC	\$75 per hour	- 10 hours per month for grant research - 25-40 hours per grant project	- All hours worked billed at \$75/h, minimum 10h per month	\$9,000 per year base plus variable for grant writing

The firms who responded all proposed slightly different funding models. The first, G&G Municipal Consulting and Grant Writing, is a firm based out of New York who has clients in numerous states. They provided a number of successful projects for which they have obtained funding for their clients. They proposed an annual fee and in return would provide unlimited grant research and write as many grant

proposals as the City desires spending up to 50 hours per each grant application, and attend monthly meetings with staff and/or City Council. Dividing that rate into monthly fee is \$3,225 for those services. The second firm, Lance Consultants, is a Michigan-based consultant who has grant writing experience through employment with the State but is a newly formed consulting firm. They proposed a maximum number of hours of 67.5 per month, with rates varying based on the work performed. Based upon the average estimated hours spent on writing at 35 hours per month, I would estimate the monthly costs would max at around \$5,000 per month. The third firm, Grantsmanship Consulting, is also Michigan-based and has provided a number of successful grant projects funded. They are proposing a flat fee per hour, with a base retainer of 10 hours per month to be used for grant funding research with variable hours spent on grant writing per month. If we assume one grant written per month, at average of 35 hours per grant, their monthly fee would be approximately \$3,375.

In considering the proposals, I would ask Council determine the expected workload for the consultant and desired outputs. The monthly estimates provided are based on one grant submitted per month, or 12 per year. As a point of reference, the current staff submits at least 12 grant applications per year combined across departments. The return on investment in hiring out grant writing services would, in part, be based upon an increased number of applications submitted as well as an increased success rate for submitted applications. Council will want to consider the volume of applications desired, balanced with the competitiveness of the city in successfully being awarded grants. While the city may be eligible for grant opportunities, it may consider not applying to those programs where the likelihood of success is marginal. A skilled grant consultant will be able to assist the city in not only finding eligible grant opportunities, but in vetting those opportunities for potential for success. Council should consider the desired outputs in terms of the costs associated with the hours spent writing grants balanced against the funding to be gained. That funding should be weighed against available match, potential ongoing costs beyond the grant program, and overall fit of the grant program with the city's goals and objectives. The city will not gain anything by seeking out grants for projects it otherwise is not considering. Council will also want to consider how any goals for increased grant writing/submittal will impact the costs of the services provided under the various funding methodologies. Finally, the consultant should be aiding the city in only seeking out those funding programs where the city will be able to successfully complete the project and be able to complete the administrative and reporting requirements of the grant program.

Another alternative Council may want to consider is whether these same dollars could be utilized to provide both grant services and additional administrative support in the form of hiring a city staff member working full time in the community. In prior discussions, I have mentioned that in the operational and fiscal analysis provided to the city, the consultant recommended an administrative restructuring model that would have resulted in a total of nine full time equivalent (8 full time and two part time) employees to cover various administrative tasks in the offices of the City Manager, DPW, Clerk, and Treasurer. We currently have seven full time employees responsible for those identified duties. Further exacerbating our staffing shortfalls is the unfortunate fact that one full time employee has been out on medical leave since mid-November so we have been operating with only six full time employees covering administrative duties where nine are recommended. The additional administrative support that would be available by hiring an employee could benefit the city beyond grant opportunities, but also could provide general administrative support to city departments, assist with communications efforts, and improve customer service overall.

Financial Impacts

At the rates provided, the City should expect to pay approximately \$40k per year for any of the consultants to provide grant research and writing services. The addition of these consulting services before June 30th would necessitate a budget amendment. Depending on the services provided and consultant selected, this could be less than two-thousand dollars or as much as ten-thousand. At this time, the city's General Fund is projected to end the year with a surplus of \$258k however the city is still

faced with requirements to rebuild its unassigned fund reserves and to reduce its unfunded pension liability. As mentioned in previous discussions, Council passed a policy to maintain unassigned fund reserves in the General Fund to 17% of expenditures. At the end of FY21 (June 30th) those fund reserves were at 6% of expenditures. Related to that policy, there were three equally ranked goals of the current (FY22) budget. First was to address the structural deficient wherein expenditures were exceeding revenues year-to-year, second was to allocate additional funding into our pension system to address our unfunded pension liability of approximately \$11 million, and third was to set aside monies into those general fund unassigned reserves in accordance with the adopted policy. Utilizing that surplus for hiring a firm to provide grant consulting services leaves the City with less available to accomplish those tasks.

Alternatively, the Council can consider this service for funding beginning next FY (July 1) and can incorporate the costs into the upcoming budget decision-making process. Please note, the draft budget presented to Council as of April 4th does not include these services.

Given the current financial position, I would recommend that spending for this program, or any alternatives, be carefully considered to ensure there are sufficient resources available.

Recommendation

If Council wishes to move forward with engaging with any of these firms for grant consulting services, I recommend City Council consider the desired outcomes for the consultant and clearly communicate those goals. It will be important for Council to have clear objectives to ensure a satisfactory return on investment. Council's goals for this program will determine which service provider is best suited for long term success.

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