



Agenda Item

City Council

Item #: 5.1.

4/22/2025

File #: 25-0148

TO: Honorable Mayor and Members of the City Council

FROM: Tom Kisela, City Manager

1. SUBJECT

Agreement with Grant Thornton Advisors, LLC for Budget Risk and Economic Opportunities Advisory Services.

2. SUMMARY

On February 25, 2025, the Orange City Council requested staff to bring back a presentation from Grant Thornton Advisors, LLC on a potential fiscal strategic plan. After hearing the presentation on March 11, 2025, the City Council directed staff to bring back an agreement with Grant Thornton Advisors, LLC to provide Budget Risk and Economic Opportunities Advisory Services. Should the City Council approve the proposed agreement, staff will work with Grant Thornton Advisors, LLC through the next two months to conduct the evaluations and analyses necessary to complete the final report.

3. RECOMMENDED ACTION

Consider the agreement with Grant Thornton Advisors, LLC in the amount of \$110,000 for Budget Risk and Economic Advisory Services, plus a 6% contingency for administrative expenses of \$6,600, for a total of \$116,600; and authorize the Mayor and City Clerk to execute on behalf of the City.

4. FISCAL IMPACT

The expense for this agreement is \$116,600 and will be funded through the General Fund (100) with unspent budget due to position vacancies:

100.0000.51670.00000 Other Professional & Consulting Services

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability.

6. DISCUSSION AND BACKGROUND

On February 25, 2025, the City Council discussed three studies to help promote the City's fiscal health. These included:

1. The Audit Committee reviewing the City's past annual budgets and annual comprehensive financial reports.
2. The City conducting a Citywide organizational and operational assessment.
3. The City completing a fiscal strategic plan.

Regarding the fiscal strategic plan, prior to the February 25th meeting, the City met with

representatives from Grant Thornton Advisors, LLC (Grant Thornton) about the City's financial position and possible steps forward. At that meeting, Grant Thornton suggested a fiscal strategic plan or what they call "Budget Risk and Economic Opportunities Advisory Services" (Advisory Services).

Pursuant to the City Council's February 25 direction, Grant Thornton presented an Advisory Services overview. After hearing the presentation, the City Council directed staff to bring back an agreement with Grant Thornton for Advisory Services.

Overall, the proposed agreement includes the following approach and deliverables:

1. Weeks 1-2: Obtain Initial Understanding - Identifying key stakeholders, review available information, perform interviews, and discuss insights, potential concerns and solutions.
2. Weeks 2-3: Budget Stress and Test Analysis - Collect and categorize budget data, analyze variances and trends, and identify key shortfalls and overruns under normal operations and stress test scenarios.
3. Weeks 3-4: Ideation Session - Facilitate structured ideation sessions with key stakeholders to identify revenue opportunities and cost-saving strategies.
4. Weeks 4-5: Synthesize and Develop Plan - Determine best course of action based on opportunities and outcomes from both a short-term and longer-term perspective and formulate plan.
5. Weeks 6-7: Define Communication Plan - Develop and implement a strategic communication plan to inform stakeholders about the City's financial challenges, budget decisions, and actions.
6. Weeks 7-8: Report - Compile plan and roadmap into a clear and actionable report, highlighting key findings, recommendations, prioritization, and responsibilities.

Grant Thornton expects it will cost \$110,000 to complete the services. Per Grant Thornton's agreement, a 6% contingency to cover administrative expenses (e.g., copies, postage, supplies, software licensing, etc.) is required, bringing the total to \$116,600.

In addition to the above, the City may also be charged if:

- The City provides information containing errors thereby triggering additional work from Grant Thornton.
- There are regulatory changes necessitating further work from Grant Thornton.
- The City does not provide sufficient information in a timely manner causing Grant Thornton staff downtime.
- The City does not provide at least one-week notification that it cannot meet agreed upon deadlines causing Grant Thornton staff downtime.

Should the City Council approve this agreement, staff will begin working with Grant Thornton immediately, facilitating the steps necessary to complete the final report which will augment other City actions to help address the City's structural budget deficit.

7. ATTACHMENTS

- Agreement with Grant Thornton Advisors, LLC