



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



DATE: June 13, 2011
BOARD MEETING DATE: July 12, 2011
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Jean S. Fraser, Chief, Health System
Lisa Mancini, Director, Aging and Adult Services

SUBJECT: Amendment to the Agreement with Daniel T. Kresteller, C.P.A., M.S.

RECOMMENDATION:

Adopt a Resolution authorizing the President of the Board to execute the First Amendment to the Agreement with Daniel T. Kresteller, C.P.A., M.S. to provide certified public accountant/tax preparer services for the Public Guardian and Public Administrator programs for the term of January 1, 2011 through December 31, 2011, increasing funding by \$35,000 for a new maximum fiscal obligation of \$125,000.

BACKGROUND:

Aging and Adult Services (AAS) serves frail elderly, physically disabled and mentally disabled residents who are substantially unable to provide for their own personal needs of health, food, clothing, or shelter and/or are unable to manage their financial resources or resist fraud or undue influence.

The Public Guardian (PG) program, acting under the authority and direction of the Superior Court, may be appointed for the person, for the estate, or for both. The general duties of a Conservator of the person include arranging for the person's care and protection, deciding where a person will live, and making arrangements for health care, meals, clothing, personal care, and transportation. The general duties of a Conservator of the estate include managing the person's finances, marshalling and protecting assets, collecting all income due to the person, paying all just debts, making investments as appropriate, preparing and filing taxes and representing or arranging representation in all legal matters.

In 2010 AAS conducted a Request for Proposals (RFP) for certified public accountant/tax preparer services for the term 2011-2013. Two public notices were published and 247 letters were sent to potential candidates. Two proposals were submitted. Mr. Kresteller's proposal was recommended by the evaluation committee.

On February 2, 2010, the County Manager's Office authorized Agreement 57000-11-C113 with Mr. Kresteller for the provision of certified public accountant /tax preparer

services for conservatees of the PG program. This Agreement was approved in the amount of \$90,000 for the term January 1, 2011 through December 31, 2011.

On May 24, 2011, your Board adopted Ordinance 04571 transferring the duties of the Public Administrator (PA) from the District Attorney to the Chief of the Health System beginning July 1, 2011. The PA and PG programs will be housed in AAS and share similar responsibilities of marshalling and protecting assets, collecting all income due, paying all just debts, preparing and filing taxes and representing or arranging representation in all legal matters.

DISCUSSION:

Approval of this Amendment would allow Mr. Kresteller to continue to provide certified public accountant/tax preparer services to the PG and also include PA clients.

The Amendment and Resolution have been reviewed and approved by County Counsel. The Contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

This Amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by allowing AAS to continue to provide high quality services to the estates of clients of the PG and PA. It is anticipated that 99% of cases managed by the PG will receive no fiduciary claims filed against the AAS Division.

Performance Measure:

Measure	FY 2010-11 Estimate	FY 2011-12 Projected
Percent of cases managed by the Public Guardian in which no fiduciary claims were filed against the Aging and Adult Services Division	99%	99%

FISCAL IMPACT:

There is no change to the term January 1, 2011 through December 31, 2011. The maximum fiscal obligation is increased by \$35,000 from \$90,000 to a new maximum fiscal obligation of \$125,000. These funds have been included in the AAS tentatively Adopted FY 2011-12 Budget. Fees are paid through clients' assets. There is no Net County Cost associated with this Amendment.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION AUTHORIZING THE PRESIDENT OF THE BOARD TO EXECUTE THE FIRST AMENDMENT TO THE AGREEMENT WITH DANIEL T. KRESTELLER, C.P.A., M.S. TO PROVIDE CERTIFIED PUBLIC ACCOUNTANT/TAX PREPARER SERVICES FOR THE PUBLIC GUARDIAN AND PUBLIC ADMINISTRATOR PROGRAMS FOR THE TERM OF JANUARY 1, 2011 THROUGH DECEMBER 31, 2011, AND INCREASING FUNDING BY \$35,000 FOR A NEW MAXIMUM FISCAL OBLIGATION OF \$125,000

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, Aging and Adult Services (AAS) provides a Public Guardian (PG) program which serves frail elderly, physically and mentally disabled residents who are substantially unable to provide for their own personal needs of health, food, clothing or shelter and/or are unable to manage financial resources or resist fraud or undue influence; and

WHEREAS, in 2010 AAS conducted a Request for Proposals (RFP) for certified public accountant/tax preparer services for 2011-2013, whereby Daniel T. Kresteller, C.P.A., M.S. was recommended by the evaluation committee; and

WHEREAS, on February 2, 2010, the County Manager's Office authorized Agreement 57000-11-C113 with Mr. Kresteller for the provision of certified public accountant/tax preparer services for conservatees of the PG program for the term January 1, 2011 through December 31, 2011, with the maximum obligation of \$90,000;

and

WHEREAS, on May 24, 2011, this Board adopted Ordinance 04571 which transferred the duties of the Public Administrator (PA) from the District Attorney to the Chief of the Health System, whereby the PA will reside in AAS effective July 1, 2011; and

WHEREAS, the PG and PA share similar responsibilities of marshalling and protecting assets, collecting all income due, paying all just debts, preparing and filing taxes and representing or arranging representation in all legal matters for their clients and estates; and

WHEREAS, there has been presented to this Board of Supervisors for its consideration and acceptance an Amendment to the Agreement, reference to which is hereby made for further particulars, whereby Mr. Kresteller shall provide certified public accountant/tax preparer services for PG and PA clients; and

WHEREAS both parties now wish to enter into said Amendment increasing the maximum fiscal obligation from \$90,000 to \$125,000 with no change to the term of January 1, 2011 through December 31, 2011; and

WHEREAS, this Board of Supervisors has examined the Amendment and approved it as to both form and content.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the

President of this Board of Supervisors be and is hereby authorized and directed to execute said Amendment for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto.

* * * * *

**AMENDMENT TO AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
DANIEL T. KRESTELLER, C.P.A., M.S.**

THIS AMENDMENT TO THE AGREEMENT, entered into this _____ day of _____, 20_____, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and DANIEL T. KRESTELLER, C.P.A., M.S., hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, pursuant to Government Code Section 31000, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof;

WHEREAS, by Agreement 57000-10-C186, the parties entered into an Agreement for Certified Public Accountant/Tax Preparer services for the Public Guardian's Office on February 2, 2010; and

WHEREAS, the parties wish to amend the Agreement to include the Public Administrator's Office and increase the amount from \$90,000 to \$125,000 with no change to the term January 1, 2011 through December 31, 2011.

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

1. Section 3 of the Agreement is amended to read as follows:
In consideration of the services rendered in accordance with all terms, conditions, and specifications set forth herein and in any exhibit(s) or attachment(s) attached hereto, County shall make payment to Contractor in the manner specified herein and in Exhibit A (May 25, 2011). In the event that the County makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by the County at the time of contract termination. The County reserves the right to withhold payment if the County determines that the quantity or quality of the work performed is unacceptable. In no event shall total payment for services under this Agreement exceed ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$125,000).
2. Original Exhibit A of the Agreement is deleted and replaced and incorporated herein as Revised Exhibit A (May 25, 2011) as attached.

3. All other terms and conditions of the agreement dated February 2, 2010, between the County and Contractor shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO

By: _____
President, Board of Supervisors
San Mateo County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

DANIEL T. KRESTELLER, C.P.A., M.S.

Contractor's Signature

Date: _____

Agreement between the County of San Mateo and Daniel Kresteller, C.P.A., M.S.

I. Description of Services to be Performed by the Contractor

- A. Provide a competitive, clearly defined and reasonable fee schedule;
- B. Provide a reduced charge for clients with minimal assets (i.e., those clients on limited benefits and/or pensions where the cost for filing exceeds the value of the return);
- C. Provide a Tax Return Delivery cover sheet that indicates the client's name, tax year, type of tax return (if Estate/Fiduciary return includes period covered), if final return and charge (example to be provided by the County);
- D. Provide an itemized billing of all charges, with one billing per client, which details how the final charge is determined;
- E. Provide research services into tax circumstances of our clientele (e.g., amend a prior return);
- F. Review all available documents and provide tax-planning recommendations, including stop-withholding recommendations;
- G. Provide assistance in determining values for tax basis when records are not available, and provide a recommended basis value when necessary;
- H. Understand our type of clientele and the condition of their affairs (i.e., many times the records needed for filing are simply not available, and it may require correspondence, either verbal or written, between the preparer and the IRS or FTB explaining the situation);
- I. Have the ability to file timely extensions when the April 15th deadline is unable to be met;
- J. E-file when possible, and promptly provide the E-File Acceptance Report (parameters defined by the County);
- K. Provide three hours of annual tax preparation training to the Public Guardian and Public Administrator staff on tax law changes and processes at no cost;
- L. Provide consultation on and review of filing requirements, including identifying missing information, at no cost;
- M. Provide recommendations on tax consequences of investment sales in consultation with the Financial Manager, at no cost;
- N. Provide easy access and high-quality customer service, including pick-up and delivery of returns and/or documents at no cost;
- O. After all available documentation is provided on all return types (extension, prior, pending, amended, etc.), Tax Preparer/CPA must complete the return within ten working days (exception from February 15th through April 15th); and

P. Provide written confirmation with the explanation (e-mail is acceptable) when it is determined that no return is required.

II. Amount and Method of Payment

TYPES OF RETURNS	RATES
Simple Individual Returns	\$155-\$295
Complex Individual Returns	\$250-\$525
Estate/ Fiduciary Tax Returns	\$257-\$500
Correspondence/Research (Excl. Reviews)	\$75/hr
“No Return” Required	No Charge
Refund Only returns, refund less than cost Minimal Asset return	25% reduction or No Charge
Partnership and Corporate Returns (a)	\$500-\$750

(a) Includes LLP

The fee ranges are based on these factors:

- The complexity of the return, i.e., the number of schedules required
- The number of items in the return
- The completeness of the data presented for return preparation
- Review and clerical time
- Expenses attributable directly to the return, e.g., software charges

Simple individual returns consist of the basic 1040/540 Federal/CA Individual Income Tax Returns with Schedule A-Itemized Deductions and Schedule B-Interest and Dividend Income. If all of the data is available at one time, the total estimated time to prepare, review and complete the return is 1-1.5 hours plus a processing, filing and computer fee of approximately \$75. The fee range for simple returns is based on these criteria.

Complex individual returns consist of items in the simple return and any of the following schedules; Schedule C-Profits and Loss from Business, Schedule D-Capital Gains and Losses, Schedule E-Income/Loss from Rental Real Estate, and/or Form 6251-Alternative Minimum Tax. The fee range for complex returns based on the total estimated time to prepare is between 1.6-3.5 hours. In addition, there is a processing, filing, and computer fee of approximately \$85. Rates exclude the sale or exchange of rental property (commonly referred to as “IRC Sec. 1031 exchange.”) The complexity and number of the properties need to be known in order to determine the cost. An example of the cost for this type of transaction involving two properties is approximately \$250. The cost of calculating the gain on the sale of a residence averages between \$100 and \$175. There is an additional \$85 charge per state for a multi-state return.

Partnership, Corporation, Estate or Fiduciary returns fees are quoted after reviewing the corresponding documents. The total estimated time to prepare, review, and complete a business return on average is 2.5-3 hours and 1.5-2 hours for a fiduciary return plus processing, filing, and computer fees. As a guideline, assuming that the current year activity is similar to prior years, the cost of the current year return will be consistent with that of prior years.

Reduced Fee Clients returns charges will be reduced 25% in cases where clients with limited benefits and/or pensions are filing to obtain refunds that are less than the regular cost of the return.

Correspondence / Research fees on behalf of the client are \$75/hour. Depending on the issue, simple matters involving corresponding with governmental agencies are rendered at no charge.

No Charge will be applied for clients with minimal assets. If the cost of the preparation of the return is a financial hardship to the client, only out-of-pocket expenses will apply.