CITY OF COSTA MESA
PROFESSIONAL SERVICES AGREEMENT
WITH
CLEARSOURCE FINANCIAL CONSULTING

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into this 17th day of September, 2019 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), and CLEARSOURCE FINANCIAL CONSULTING, a California corporation ("Consultant").

W I T N E S S E T H :

A. WHEREAS, City proposes to utilize the services of Consultant as an independent contractor to provide fee study and cost allocation plan services, as more fully described herein; and

B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and

C. WHEREAS, City and Consultant desire to contract for the specific services described in Exhibit "A" (the "Project") and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and

D. WHEREAS, no official or employee of City has a financial interest, within the provisions of sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1.0. SERVICES PROVIDED BY CONSULTANT

1.1. Scope of Services. Consultant shall provide the professional services described in the Scope of Work, attached hereto as Exhibit "A," and Consultant's Proposal, attached hereto as Exhibit "B," both incorporated herein by this reference. Said services shall be provided by the Consulting Team consisting of Consultant and Harris & Associates as identified in Exhibit B.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also represents that it is familiar with all applicable laws that may affect its performance of this Agreement and agrees to advise City of any changes in any laws that may affect Consultant's performance of this Agreement.

1.3. Performance to Satisfaction of City. Consultant agrees to perform all the work to the complete satisfaction of the City and within the hereinafter specified. Evaluations of the work will be done by the City Manager or his or her designee. If the quality of work is not satisfactory,

City in its discretion has the right to:

(a) Meet with Consultant to review the quality of the work and resolve the matters of concern;

(b) Require Consultant to repeat the work at no additional fee until it is satisfactory; and/or

(c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Consultant shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including reasonable attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

1.5. Non-Discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military or veteran status, except as permitted pursuant to section 12940 of the Government Code.

1.6. Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.7. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

1.8. Confidentiality. Employees of Consultant in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon the termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

2.0. COMPENSATION AND BILLING

2.1. Compensation. Consultant shall be paid in accordance with the fee schedule set forth in Exhibit "C," attached hereto and made a part of this Agreement by this reference (the "Fee Schedule"). Consultant's total compensation shall not exceed Eighty-Eight Thousand Eight Hundred Eighty Dollars ($88,880.00).

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Consultant's Proposal unless the City Manager or designee, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant may submit invoices to the City for approval on a progress basis, but no more often than two times a month. Said invoice shall be based on the total of all Consultant's services which have been completed to City's sole satisfaction. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times from the Effective Date until five (5) years after termination of this Agreement.

3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. Unless otherwise agreed to in writing by the parties, the professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Said services shall be performed in strict compliance with the Project Timeline approved by City as set forth in Exhibit B. The Project Timeline may be amended by mutual agreement of the parties. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of five (5) years, ending on September 16, 2024, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of

canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated based on the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Consultant, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant shall be at City's sole risk and without liability or legal expense to Consultant.

5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company admitted to do business in California, rated "A," Class X, or better in the most recent Best's Key Insurance Rating Guide, and approved by City:

(a) Commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than One Million Dollars ($1,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.

(b) Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars ($1,000,000.00), combined single limits, per occurrence for bodily injury and property damage.

(c) Workers' compensation insurance as required by the State of California. Consultant agrees to waive, and to obtain endorsements from its workers' compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City, its officers, agents, employees, and volunteers arising from work performed by Consultant for

the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.

(d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars ($1,000,000.00), combined single limits, per occurrence and aggregate. Architects' and engineers' coverage shall be endorsed to include contractual liability. If the policy is written as a "claims made" policy, the retro date shall be prior to the start of the contract work. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The commercial general liability insurance policy and business automobile liability policy shall contain or be endorsed to contain the following provisions:

(a) Additional insureds: "The City of Costa Mesa and its elected and appointed boards, officers, officials, agents, employees, and volunteers are additional insureds with respect to: liability arising out of activities performed by or on behalf of the Consultant pursuant to its contract with the City; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; automobiles owned, leased, hired, or borrowed by the Consultant."

(b) Notice: "Said policy shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City."

(c) Other insurance: "The Consultant's insurance coverage shall be primary insurance as respects the City of Costa Mesa, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy."

(d) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of Costa Mesa, its officers, officials, agents, employees, and volunteers.

(e) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.3. Deductible or Self Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.4. Certificates of Insurance. Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement. The certificates

of insurance shall be attached hereto as Exhibit "D" and incorporated herein by this reference.

5.5. Non-Limiting. Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

6.0. GENERAL PROVISIONS

6.1. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement.

Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices. Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: (a) at the time of delivery if such communication is sent by personal delivery, and (b) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:	IF TO CITY:
ClearSource Financial Consulting 7960 B. Soquel Drive, Suite 363 Aptos, CA 95003 Tel: (831) 288-0608 Attn: Terry Madsen	City of Costa Mesa 77 Fair Drive Costa Mesa, CA 92626 Tel: (714) 754-5227 Attn: Amber Haston

Courtesy copy to:

City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626
Attn: Finance Dept. | Purchasing

6.5. Drug-Free Workplace Policy. Consultant shall provide a drug-free workplace by complying with all provisions set forth in City's Council Policy 100-5, attached hereto as Exhibit "E" and incorporated herein by reference. Consultant's failure to conform to the requirements set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys' Fees. In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

6.8. Assignment. Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.9. Indemnification and Hold Harmless. Consultant agrees to defend, indemnify, hold free and harmless the City, its elected officials, officers, agents and employees, at Consultant's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against the City, its elected officials, officers, agents and employees arising out of the performance of the Consultant, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Consultant, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected officials, officers, agents and employees based upon the work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful

misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect.

6.10. Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City. Consultant shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Consultant shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant further agrees to indemnify and hold City harmless from any failure of Consultant to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.11. PERS Eligibility Indemnification. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.12. Cooperation. In the event any claim or action is brought against City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance and cooperation which City might require.

6.13. Ownership of Documents. All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of

incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other Project related items as requested by City or its authorized representative, at no additional cost to the City.

6.14. Public Records Act Disclosure. Consultant has been advised and is aware that this Agreement and all reports, documents, information and data, including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, pursuant to this Agreement and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code section 6250 *et seq.*). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code section 6254.7, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.15. Conflict of Interest. Consultant and its officers, employees, associates and subconsultants, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this agreement, including, but not limited to, the Political Reform Act (Government Code sections 81000, *et seq.*) and Government Code section 1090. During the term of this Agreement, Consultant and its officers, employees, associates and subconsultants shall not, without the prior written approval of the City Representative, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subconsultants to abstain from a decision under this Agreement pursuant to a conflict of interest statute.

6.16. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.17. Prohibited Employment. Consultant will not employ any regular employee of City while this Agreement is in effect.

6.18. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

6.19. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.20. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.21. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.22. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.23. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.24. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.25. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.27. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CONSULTANT

Signature

Date: 9/30/2019

Terry Madsen, President
[Name and Title]

[redacted]
Social Security or Taxpayer ID Number

CITY OF COSTA MESA

Lori Ann Farrell Harrison
City Manager

Date: 10/14/19

ATTEST:

Brenda Green 10/15/19
Brenda Green
City Clerk

APPROVED AS TO FORM:

Kimberly Hall Barlow
City Attorney

Date: 10/8/19

APPROVED AS TO INSURANCE:

Ruth Wang
Risk Management

Date: 10/3/19

APPROVED AS TO CONTENT:

Amber Haston
Project Manager

Date: 10/3/19

DEPARTMENTAL APPROVAL:

Kelly Telford
Finance Director

Date: 10/2/19

APPROVED AS TO PURCHASING:

Kelly Telford
Finance Director

Date: 10/2/19

EXHIBIT A

SCOPE OF WORK

SCOPE OF WORK
FOR
CITYWIDE FEE STUDY AND COST ALLOCATION PLAN

Objective

The City seeks to undertake a comprehensive review and evaluation of its existing user fees and charges to ensure that the City is accurately accounting for the total cost to provide fee-related services.

Full Cost Allocation Plan:

The purpose of the Full Cost Allocation Plan is to ensure that the City of Costa Mesa has a basis of applying comprehensive overhead rates and is accurately accounting for the true cost of providing various services by each department through the development of a total cost allocation plan. A Total Cost Plan allocates all indirect costs similar to the private sector. This plan is necessary to allocate indirect costs for inter-fund transfers and calculations. Governmental best practices, accounting standards and Office of Management and Budget (OMB) Circular A-87 require the City to maintain a well-documented cost allocation plan that allows for: (1) allocation of general and administrative costs in its budget; (2) proper identification of overhead rates that can be used in the calculation of billable hourly rates for federal and state grants, user fees, and reimbursements from other governmental agencies.

Citywide Fee Study:

The City seeks to complete a citywide fee study of all fees, including user fees and development impact fees.

User Fee Study:

Over the last decade, like other cities in California, the City has made several organizational changes due partly to the "Great Recession" that have had lasting effects through the present. These organizational changes occurred to maintain as many services as possible with decreased resources requiring the City to create new efficiencies and eliminate inefficient processes. As such, the City wishes to examine whether a relationship exists between its costs of providing service and its current fees, with a consideration to the compliance requirements under Proposition 218 and Proposition 26. In addition to this challenge, the "Great Recession" or FY 2008-09, was the last time the City completed a comprehensive user fee study. Since that time, smaller user fee studies have been performed on select fees. As a result, the City's residents are subsidizing many of the City's existing fees, primarily related to development and business, as the cost of living and doing business continues to increase while the City's user fees have predominantly remained constant.

Development Impact Fee Study:

FY 2008-09 was the last time the City completed a comprehensive fee study, which encompassed user fees and development impact fees. This study should evaluate comprehensive development impact fees. The City's impact fee program must comply with the Mitigation Fee Act (California Government Code Section 66000 et seq., also known as Assembly Bill 1600). The study shall provide sufficient information and the necessary findings to help the City determine the development impact fees based on the proposed infrastructure requirements to support the City's General Plan growth projections and the City's Capital Improvement Plan. The consultant is expected to work with City staff to determine other supporting infrastructure or other operational services that could rightfully be included in the fee program to ensure the costs of such supporting

infrastructure are paid by development. The City would also like feedback from the consultant on recommended best practices to help ensure better collections.

Scope of Work

Cost Allocation Plan:

Prepare the City's Cost Allocation Plan, which may include the following elements. If the consultant determines that additional tasks are warranted, they must be clearly identified in the consultant's proposal.

A. Work and meet with City staff to refine the project scope, purpose, uses, and goals of the City's Cost Allocation Plan to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedule and answer any questions pertaining to the successful development of the study.

B. Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations.

C. Identify the total cost of providing each City service at the appropriate activity level and in a manner that is consistent with all applicable laws, statutes, rules and regulations governing the collection of fees, rates, and charges by public entities including, but not limited to, the state Controller's Office Guidelines for Cost Claiming and OMB 2 CFR Part 225 standards.

D. Determine the appropriate General and Administrative overhead allocations to City activities and applicable overhead rates for use in calculating the City's Billable Hourly rates. The requirements of the model should allow for:

    a. Additions, revisions, or removal of direct and overhead costs so that the full cost allocation plan can be easily adapted to a range of activities, both simple and complex.

    b. The ability of the City to continuously update the model and full cost allocation plan from year to year as the organization changes.

    c. The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (i.e. ad-hoc analysis).

E. Report on other matters that are brought to the attention of the Consultant during the evaluation that the City should consider.

F. Present the plan to the City's management group and make necessary adjustments as requested.

G. Prepare and deliver presentations to the Council to facilitate their understanding of the plan and its implications to the City.

H. Work with the Finance Department in developing service provisions, cost categories, and allocation criteria for current and future programs.

I. Provide the City with an electronic copy of the final comprehensive review, including related schedule and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in cost.

J. Prepare a final report and provide a minimum of five (5) bound copies, one (1) unbound copy, and a single Microsoft Excel and PDF file of the Cost Allocation Plan that can

be made available to City staff. Models, tables and graphs should be provided in Microsoft Excel. Any Cost Allocation Model revisions developed shall also be made available to the City in Microsoft Excel and PDF formats, providing the ability to add, delete and/or update information as needed.

K. Provide a computer based model in Microsoft Excel for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in costs.

L. Consult with City staff should the need arise to defend the cost allocation plan as a result of audits and other challenges.

M. Services may require on-site meeting(s), scheduled at the City's discretion.

Citywide Fee Study:

Prepare a citywide fee study for the City, which may include the following elements for user fees and development impact fees. If the consultant determines that additional tasks are warranted, they must be clearly identified in the consultant's proposal.

User Fee Study:

A. Work and meet with City staff to refine the project scope, purpose, uses and goals of the City's User Fee Study to insure that the study will be both accurate and appropriate to the City's needs. Review project schedule and answer any questions pertaining to the successful development of the study.

B. Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations. Conduct a comprehensive review of the City's existing fees, rates, and charges.

C. Identify the total cost of providing each City service at the appropriate activity level and in a manner, that is consistent with all applicable laws, statutes, rules and regulations governing the collection of fees, rates, and charges by public entities including, but not limited to Proposition 218.

D. Compare service costs with existing recover levels. This should include any services areas where the City is currently chagrining for services as well as where perhaps the City should charge, considering the City's practices, or the practices of similar or neighboring cities.

E. Recommend potential new fees and charges for services that the City currently provides but does not have any fees and/or charges established. Recommendation should be based on practices by surrounding cities that may charge for similar services, industry best practices, or the consultant's professional opinion.

F. Recommend appropriate fees and charges based on the firm's analysis together with the appropriate subside percentage for those fees where full cost recovery may be unrealistic.

G. Prepare a report that identifies each fee service, its full cost, recommended and current cost recovery levels. The report should also identify the direct cost, the indirect cost, and the overhead cost for each service.

H. Prepare a report that identifies the present fees, recommended fees, percentage change, cost recovery percentage, revenue impact and fee comparison with other Orange County cities or other California cities that are comparable to the City of Costa Mesa. A survey comparison of rates and fees with similar cities is required.

I. Report on other matters that come to the Consultant's attention during the evaluation that, in the Consultant's professional opinion, the City should consider.

J. Provide a computer based model in Microsoft Excel for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in costs. The requirement of the model should allow for:

   a. Additions, revisions, or removal of direct and overhead costs so that the full cost allocation plan can be easily adapted to a range of activities, both simple and complex.

   b. The ability of the City to continuously update the model and full cost allocation plan from year to year as the organization changes.

   c. The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (ie. Ad-hoc analysis).

K. Prepare and deliver presentation to the City Council to facilitate their understanding of the plan and its implications for the City and make necessary adjustments as requested.

L. Provide on-site training to enable staff to update fees on an annual basis.

M. Prepare a final fee study report and provide a minimum of five (5) bound copies, one (1) unbound copy, and a single Microsoft Excel and PDF file of the User Fee Study that can be made available to City staff. Models, tables and graphs should be provided in Microsoft Excel. Any Master Fee Schedule revisions developed shall also be made available to the City in Microsoft Excel and PDF format, providing the ability to add or delete and/or update information as needed.

N. Consult with City staff should it become necessary to defend the City's Fees as a result of any legal or other challenge.

O. Services may require on-site meeting(s), scheduled at the City's discretion.

<u>Development Impact Fee Study:</u>

A. Work and meet with City staff to refine the project scope, purpose, uses and goals of the City's Development Impact Fee Study to insure that the study will be both accurate and appropriate to the City's needs. Review project schedule and answer any questions pertaining to the successful development of the study.

B. Consultant shall also propose new impact fees that the City is not currently collecting for consideration by the City. After consideration of such new Impact Fees, the City may elect to request the consultant prepare the necessary nexus study tor studies. Such study or studies shall be deemed "Extra Work" Entitled to additional compensation.

C. Impact Fees shall be calculated to provide for facilities, equipment, infrastructure, and services needed to support growth based on forecasts of new development over a 20-year period. The Impact Fees analysis shall consider existing fees, if any, and be compared to both (a) surrounding and (b) comparable cities to ensure reasonableness, consistency and feasibility.

D. The consultant shall prepare a single compiled report for all Impact Fees that documents the fee study results, including a description of the overall assumptions, approach, and methodology, findings, supporting justification, recommended fee amount and the calculations that provide the legal nexus between the recommended Impact Fee and new development.

E. Review findings with City staff. Consultant to provide information supporting findings to date and proposed fees.

F. Prepare and deliver presentations to the City Council to facilitate their understanding of the plan and its implications for the City and make necessary adjustments as requested.

G. Prepare a final development impact fee study report and provide a minimum of five (5) bound copies, one (1) unbound copy, and a single Microsoft Excel and PDF file of the User Fee Study that can be made available to City staff. Models, tables and graphs should be provided in Microsoft Excel. Any Master Fee Schedule revisions developed shall also be made available to the City in Microsoft Excel and PDF format, providing the ability to add or delete and/or update information as needed. More specifically, consultant's report should contain, but not limited to:

    1. Background information
    2. Description of the overall methodology
    3. Supporting justification
    4. Calculations that demonstrate the legal nexus between recommended fees and the impact created by new development.
    5. Relationship between the fee's use and the type of project on which it would be imposed
    6. Any additional matters that City staff should be made aware of, findings, and recommendations

H. Consult with City staff should it become necessary to defend the City's Fees as a result of any legal or other challenge.

I. Services may require on-site meeting(s), scheduled at the City's discretion.

General

The Consultant may recommend other tasks that it deems appropriate to achieve the objectives and tasks set forth herein.

The successful respondent shall be required to retain all working papers and related supporting documents, including records of professional time spent, for a period of five (5) years after delivery of the required reports, unless notified in writing by the City of the need to extend the retention period. The Consultant further agrees to allow city staff to review such documents upon written request at any time during the retention period.

Implementation Schedule

An "Implementation Schedule" must be provided to the City before work begins on the Citywide Fee Study and Cost Allocation Plan. The Schedule must note key project milestone and timelines for deliverables. Consultant must identify any assumptions used in developing the schedule.

EXHIBIT B

CONSULTANT'S PROPOSAL

CITY OF COSTA MESA

AUGUST 21, 2019

PROPOSAL TO PERFORM CONSULTING SERVICES

Cost Allocation Plan and User Fee Study

RFP NO. 19-11

ClearSource Financial Consulting

TERRY MADSEN | PRINCIPAL CONSULTANT

tmadsen@clearsourcefinancial.com | 831.288.0608

7960 B Soquel Drive, Suite 363 | Aptos, California 95003

www.clearsourcefinancial.com

IN ASSOCIATION WITH

Harris & Associates

CONTENTS

PROPOSAL ORGANIZATION

The following information is organized as directed by the Request for Proposals and within the 20-page limit, excluding this table of contents, cover page, City forms, and charts.

1.1 | **Vendor Application Form and Cover Letter**

2.1 | **Background and Project Summary**

3.1 | **Method of Approach**

4.1 | **Qualifications and Experience**

5.1 | **Staffing**

Total Pages Excluding Cover Page, Table of Contents, Vendor Application Form, and Schedule Chart: 20

FORMS | ATTACHMENTS

The following City forms have been attached at the end of this proposal. Note: The Vendor Application Form was included with the Cover Letter in the main body of the proposal, as directed by the Request for Proposals.

Company Profile and References

Ex Parte Communications Certificate

Disclosure of Government Positions

Disqualifications Questionnaire

Campaign Contribution Disclosure Form

Acknowledgement of Receipt of Addendum No. 1

Requested Amendments to Professional Services Agreement

SEPARATE SUBMITTAL

As required by the Request for Proposals and Addendum, the following information is submitted under separate cover.

Cost Proposal

ClearSource Financial Consulting

7960 B SOQUEL DRIVE, SUITE 363 | APTOS, CALIFORNIA 95003
831.288.0608 | WWW.CLEARSOURCEFINANCIAL.COM

August 19, 2019

CITY OF COSTA MESA
City Hall | Office of the City Clerk
77 Fair Drive
Costa Mesa, California 92628-1200

Proposal for a Fee Study and Cost Allocation Plan (RFP No. 19-11)

Dear Members of the Selection Team:

Thank you for the opportunity to provide cost of service, user/regulatory fee, development impact fee, and cost allocation consulting for the City of Costa Mesa. The combined team of ClearSource Financial Consulting and our partner Harris & Associates is well-qualified, available, and equipped to complete the scope of work envisioned by the City. We bring an **open mind for change** and exhibit the **energy to do the heavy lifting it takes for a fresh look** on the subject.

We commit to the City of Costa Mesa to provide premier service, on time, and within budget:

PREMIER SERVICE	ON TIME	WITHIN BUDGET
We routinely demonstrate care about the details and the rightful influence of local conditions. We do the hard work to achieve modern and meaningful outcomes that reflect the way our clients serve their communities today.	Study reporting will be ready for the City's use **150 days** from project commencement. (Results ready for legislative procedures by the end of February 2020, well in time for implementation in the next fiscal year.)	We will finish the scope of services without change orders, which is our standard practice. We do not ask our clients to bear the risk in estimating what it takes to do this work thoroughly and with successful enactment of results.

I am the President of ClearSource Financial Consulting, authorized to negotiate and bind ClearSource contractually. I have read and will comply with all terms and conditions of the RFP without exception. My signature obligates ClearSource to the terms of this proposal and confirms that this proposal shall remain valid for a period of 180 calendar days from the date of this submittal.

Sincerely,

TERRY MADSEN, PRESIDENT | CLEARSOURCE FINANCIAL CONSULTING

COMPANY NAME:	ClearSource Financial Consulting
MAILING ADDRESS:	7960 B Soquel Drive, Suite 363, Aptos, CA 95003
WEB:	www.clearsourcefinancial.com
CONTACT NAME:	Terry Madsen, President and Principal Consultant
PHONE NUMBER:	831.288.0608
EMAIL ADDRESS:	tmadsen@clearsourcefinancial.com

VENDOR APPLICATION FORM
FOR
RFP NO. 19-11
CITYWIDE FEE STUDY AND COST ALLOCATION PLAN

TYPE OF APPLICANT: [X] NEW [ ] CURRENT VENDOR

Legal Contractual Name of Corporation: ClearSource Financial Consulting

Contact Person for Agreement: Terry Madsen, President

Corporate Mailing Address: 7960 B Soquel Drive, Suite 363

City, State and Zip Code: Aptos, CA 95003

E-Mail Address: tmadsen@clearsourcefinancial.com

Phone: 831.288.0608 Fax: 831.684.7646

Contact Person for Proposals: Terry Madsen

Title: President and Principal Consultant E-Mail Address: tmadsen@clearsourcefinancial.com

Business Telephone: 831.288.0608 Business Fax: 831.684.7646

Is your business: (check one)

[ ] NON PROFIT CORPORATION [X] FOR PROFIT CORPORATION

Is your business: (check one)

[X] CORPORATION [ ] LIMITED LIABILITY PARTNERSHIP

[ ] INDIVIDUAL [ ] SOLE PROPRIETORSHIP

[ ] PARTNERSHIP [ ] UNINCORPORATED ASSOCIATION

Names & Titles of Corporate Board Members
(Also list Names & Titles of persons with written authorization/resolution to sign contracts)

Names	Title	Phone
Terry Madsen	President (Officer)	831.288.0608
Bethany Madsen	Secretary (Officer)	831.288.0608

Federal Tax Identification Number: 45-3724134

City of Costa Mesa Business License Number: n/a - Will acquire upon award.

(If none, you must obtain a Costa Mesa Business License upon award of contract.)

City of Costa Mesa Business License Expiration Date: n/a

BACKGROUND | PROJECT SUMMARY

PROJECT UNDERSTANDING

Overall Project Elements

The City of Costa Mesa is initiating a **Fee Study and Cost Allocation Plan**. This type of project is focused on the ethic of "the costs to serve" from different, yet intertwined, perspectives:

- What are the **costs of central services within the municipal organization**, and how do those costs relate to the array of direct services provided to the community? What are the cost recovery opportunities for these administrative, management, and support services of the agency? (This is accomplished through a Cost Allocation Plan.)
- What are the **costs of the comprehensive line-up of direct services provided to the community**, which currently have or may be eligible for a user or regulatory fee? What are the cost recovery targets or policies of the City as to the amounts that should be paid for those who request or cause these services? What is the impact to the source funds – typically the General Fund – of changes to user/regulatory fees? (This is accomplished through a User/Regulatory Fee Study component of the Citywide Fee Study.)
- What are the projected **costs of ensuring public infrastructure is available and operating at necessary levels of service** as the community grows and changes? What development impact fees are justified to target cost recovery of these capital investments from the development generating increased demands for public service? (This is accomplished through a Development Impact Fee Study component of the Citywide Fee Study.)

Project Objectives

The City of Costa Mesa has outlined the following objectives for each element of study.

COST ALLOCATION PLAN

- Ensure a basis for applying overhead rates and accurately accounting for the true cost of providing services
- Comply with 2 CFR 225 guidelines for a well-documented plan allowing for budgetary uses as well as billable rates applicable to governmental reimbursement

CITYWIDE FEE STUDY

- Determine the relationship between costs of providing services and current fees
- Ensure compliance with Propositions 218 and 26
- Determine appropriate impact fees based on proposed infrastructure requirements to support projected City growth

Services for Review

USER/REGULATORY FEES

It is expected that direct, fee-related services under review in this element will focus on services eligible for user fee methodology, as well as identification during this study of any relevant additions for services performed without a fee or for under-quantified or ineffectively structured fees.

All direct services throughout the City organization for which a user or regulatory fee is or can be imposed can be included as desired. This can encompass activities such as:

- Regulatory activities, such as review and inspection of land development, construction/building, and improvements to infrastructure, and other areas of code review, compliance, and enforcement

- Permitting, such as special events and use of public facilities, infrastructure, and services
- Facility rentals and use of public spaces, such as community centers, recreational sites, parks, and athletic field use
- Program participation
- Operations and services of individual benefit/request or in response to individual action
- Licensing, billing, records management, and administrative service
- Hourly rates for direct-billing City staff time

Revenue streams generally excluded from this type of methodology due to differing authority, implementation and analytical methodologies, and approval procedures would include: utility rates and other property-related fees subject to Proposition 218 proceedings, assessments, in-lieu fees, fees intended and codified more as "taxes," punitive fines/penalties, and general taxes.

DEVELOPMENT IMPACT FEES

It is expected that impact fees associated with the following infrastructure or public facilities will be included in the study:

- Traffic
- Parks and Recreation
- Government Buildings
- Public Safety
- Art in Public Places
- Storm Drainage

CENTRAL SUPPORT SERVICES

While cost recovery for the above listed direct services are the focus of Citywide Fee Study, a Full Cost Allocation Plan conducted within that scope of work focuses on potential cost recovery for the "indirect" services of the municipal organization. Indirect services represent City budget units commonly found in the General Fund that might include:

- Legislative and general governmental activities
- Organization-wide management and administration
- Central services outside of internal service funds

Our standard practice – and built into our expected work plan – is an open mind for additions or deletions of direct services for which a fee is established or indirect services for which an overhead charge is applicable

Prevailing Conditions

The City's publicly available *User Fees and Charges* schedule is dated Fiscal Year 2008-2009. Current staff does not possess history of previous comprehensive fee analyses to support the prevailing schedule, though targeted cost of service analyses have been completed in the interim as needed.

This current master schedule includes user/regulatory fees managed by the following functions:

- Administrative Services Department
- Recreation
- Telecommunications
- City Manager – City Clerk Department
- Citywide services
- Development Services Department
- Finance Department
- Fire Department
- Police Department
- Public Safety Department

The schedule also includes the following impact fees:

- Parks
- Traffic

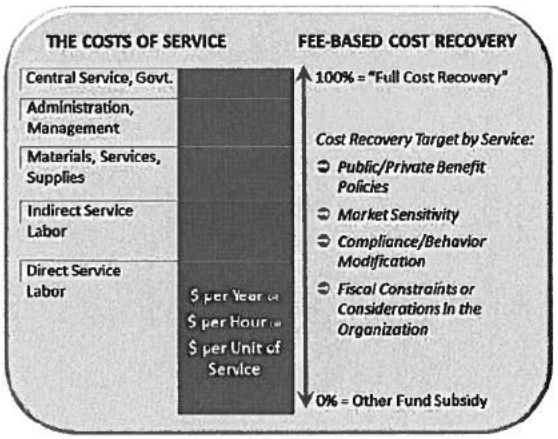
METHOD OF APPROACH

GENERAL APPROACH

The following essential components are embedded in the ClearSource-Harris approach:

- Adherence to the state's legal boundaries: **Article 13C of the California Constitution**, Proposition 218, and Proposition 26, which direct fees be set according to the estimated reasonable cost of service and bear a fair and reasonable relationship to the payer's burdens on or benefits received from City service.
- Adherence to the **Mitigation Fee Act ("AB 1600")**, which enables cities to impose such fees but directs specific findings to be made to justify development impact fees, annual reporting procedures to support collection and expenditure, and a five-year timeline for generating updated findings to demonstrate the continuing need for fee and expenditure plan for its revenues.
- Development of a dynamic indirect cost allocation model, capable of iterations based on cost recovery venue: **a "full cost plan" .for application in locally-controlled revenues versus a more constrained "federal" plan (OMB 2 CFR Part 225)**.
- Development of a functionally layered **"full cost of service"** to represent the maximum limit for fees and cost recovery, inclusive of direct and indirect costs of service from participating City divisions and centralized City services.
- Valuation of City time in providing direct services, serving as the basis for fee structures or for direct billing.
- Development of **cost recovery policy and practices**, which optimize the City's array of funding sources considering public/private benefits, market sensitivity, compliance and behavior modification, and fiscal constraints, as reflected in **Exhibit 1**.

EXHIBIT 1 | COSTS AND COST RECOVERY



- Remodeling of fee structures where cost profiles or City operations necessitate change for improved recovery or more efficient or accurate collections.
- Full support and flexibility to complete the administrative record and pursue successful adoption/implementation of proposals.
- Reflection of **local values**, including internal perspectives and practices and existing City Council policy or common direction.
- Documented defensible and sustainable fee programs that also promote the City's vision to protect and enhance diverse neighborhoods, accommodate an array of business, and provide cultural, educational, social and recreational amenities that contribute to the quality of life in the community.

METHOD OF APPROACH

WORK PLAN | COST ALLOCATION PLAN

ClearSource presents the following work plan to complete the Cost Allocation Plan envisioned by the City of Costa Mesa.

Task 1 | Study Orientation

- Conduct onsite project kick-off events
- Generate common understanding of project objectives, requirements, and procedures
- Examine prevailing cost allocation methods, including annual procedures, internal opinions and impacts, and balance of workload with the requirements of the City's uses for overhead rates/values
- Develop plan for generating updated indirect cost allocation outcomes

Task 2 | Critical Inputs

- Develop the necessary foundation for subsequent quantitative analysis
- Mine financial and organizational data to generate line-item detail that supports costs, allocation factors, workload metrics, and accounting structure in the cost allocation model
- Develop allocation plan factors from City reporting/statistics and targeted meetings with support services, including workload, inventories, and other volumetric or organizational tools

Task 3 | Cost Allocation Model

- Generate the quantitative model to allocate indirect costs Citywide, either full cost or OMB 2 CFR 225 iterations depending on use
- Model fund and accounting structure for the fiscal year basis
- Determine allocation indirect service centers
- Develop allocation bases and related distribution factors for indirect service centers
- Identify direct service centers and perform primary and secondary allocations
- Generate outcomes, including annual cost allocations Citywide, indirect service rates, and interfund transfers
- Accommodate iterations to facilitate assessment of optional routes
- Compare outcomes under the updated plan to prior year outcomes
- Estimate impacts to fund resources

Task 4 | Reporting and Tools

- Deliver formal documentation and tools for the City's ownership and future use
- Draft report iteration
- Presentation/summary materials for communicating proposals
- Final report
- Delivery of technical models and work papers

Task 7 | Engagement

- Facilitation of a meaningful level of interaction between consultants, City personnel, and City Councilmembers (if necessary) to successfully implement findings
- Site visits to engage with departmental personnel to develop data (where necessary) and provide interim reviews points
- At the discretion of City management, as necessary, a City Council meeting to present the final report

METHOD OF APPROACH

WORK PLAN | CITYWIDE FEE STUDY

The ClearSource-Harris team presents the following work plan to complete the **Citywide Fee Study** envisioned by the City of Costa Mesa, which includes analysis of both **user/regulatory fees** and **development impact fees**.

Task 1 | Study Orientation

- Conduct onsite project kick-off events
- Generate common understanding of project objectives, requirements, and procedures
- Examine prevailing user/regulatory fees for effectiveness of current structures, including perceived cost recovery, perceived equity, alignment of fee categories with the manner in which work is performed, perceived competitiveness in the region, and feasibility or accuracy of billing within current capabilities
- Draft initial user/regulatory fee structures, where remodeling is predicted, to direct down-stream data development steps
- Review the existing impact fee program

Task 2 | Critical Inputs

- Develop the necessary foundation for subsequent quantitative analysis
- Develop financial data, including current and historical fee revenues, personnel/contractor costs and organization, adopted line-item expenditures, and forecasted periodic outlays
- Utilize any existing labor time-tracking data
- Conduct onsite interviews to estimate a distribution of annual time across core functions of service
- Develop service time questionnaires linked to remodeled fee structures to estimate average or a range of service times for fee-related services.
- Apply industry experience to populate under-developed time estimates
- Analyze any existing data sets that inform workload/activity/use levels and project profiles for fee-related services
- Reconcile annual time, service time estimates, and service volumes to rest reasonableness of critical assumptions
- Conduct interviews with staff from all departments to gain an understanding of the City's infrastructure needs and available documentation
- Conduct a survey of impact fee programs in neighboring/regional cities
- Recommend impact fee updates, including potential other fees for the City's consideration

Task 3 | Cost of Service Analysis

- Generate quantitate analysis to define the cost of service based maximum user fee amounts able to be imposed at City Council discretion under California law
- Develop fully burdened hourly rates in each participating City division, encompassing labor costs, non-labor operating costs, departmental administration, central services/general governmental administration, periodic investments, and a reserve funding requirement, if applicable
- Express rates by function of direct and indirect service within each division, where applicable and to enable cost recovery considerations
- Compute the cost of service at the activity level for fee-related services by applying hourly rates to service time estimates and project-specific direct expenses (following any remodeled fee structures proposed)

- Identify current cost recovery achieved by prevailing user fees

Task 4 | User/Regulatory Fee Design & Cost Recovery

- Develop the updated, proposed schedule of fees, proposed policies, and impacts
- Prepare a comparison of fees to other municipalities in targeted service categories as needed, likely by creating profiles for an array of "typical" uses
- Develop cost recovery targets at the activity level to inform a proposed fee amount with identification of any subsidy
- Prepare the Master Fee Schedule
- Prepare schedules comparing changes to fees in targeted service categories or for a selection of sample uses
- Depending on availability and reliability of historical workload data, quantify revenue impacts of fee proposals
- Review associated fee practices, including waivers, deposit amounts, and fee/deposit collection practices

Task 5 | Impact Fee Analysis

- Review relevant documents including but not limited to the General Plan, Housing Elements, Master Plans, Development Agreements, and Capital Improvement Program documents for eligible facilities, equipment, and infrastructure
- Develop land use data and density assumptions for new development over a 20 year horizon.
- Prepare a list of projects eligible for impact fee funding
- Develop a fee model and calculate the supporting fees for each fee category, including an administrative fee
- Present the draft fees to the City with a comparison to the City's existing fees as well as the fees of surrounding cities
- Based on input from City staff, make the necessary changes before beginning the Draft Impact Fee Report

Task 6 | Reporting and Tools

- Deliver formal documentation and tools for the City's ownership and future use
- Draft and final draft report iterations
- Include necessary graphics, maps, cost estimates, calculations, findings, and other technical documentation necessary to support the assumptions, approach and methodology and create a defensible nexus
- Presentation/summary materials for communicating proposals
- Assistance with staff report and public hearing noticing
- Document the statutory and legal framework and annual and five-year reporting requirements
- Discuss best practices to ensure better collection of the fees
- Final report, including all background information, methodology, supporting justification, calculations, nexus findings, and administrative processes
- Delivery of technical models and work papers

Task 7 | Engagement

- Facilitation of a meaningful level of interaction between consultants, City personnel, and City Councilmembers to successfully implement fee proposals
- Site visits to engage with departmental personnel to develop data and provide interim reviews points

- One meeting with the development community and BIA
- A City Council meeting to present the draft report and receive direction
- A public hearing to adopt the proposed fees contained in the final report

WORK PLAN | OPTIONAL ANNUAL UPDATES

The range of optional annual updating tasks by subject matter is discussed below:

Cost Allocation Plan

ClearSource delivers documentation and technical models to the City for its use in maintaining indirect cost allocations annually. However, should staffing resources or competing deadlines impede staff's use of the cost allocation model, ClearSource can complete a truncated version of the work plan described earlier to generate update indirect cost allocation outcomes for the City's use in the next budget cycle. This procedure would deliver a completely update model with revised fiscal year basis expenditures, updated allocation factors, and current array of outcomes.

User/Regulatory Fees

Comprehensive User Fee Studies are typically performed every four to six years. However, in the interim, steps can be taken to ensure fees keep pace with general cost inflation, minor changes to processes, and continued progress toward previously established cost recovery plans.

ClearSource delivers a Master Fee Schedule to the City with an embedded inflationary adjustment tool that would enable City staff to conduct Consumer Price Index or similar modifications to fees each year. However, should staffing resources and deadlines warrant it, ClearSource can perform this task for the City. Additionally, if retained for this purpose, ClearSource will reach out to the departments responsible for each section of the fee schedule to determine any areas where major changes to process, time, or cost have occurred that would merit a discrete cost of service analysis to justify change to fees beyond simple inflation. Fresh reporting and an updated Master Fee Schedule would be delivered, as would support at the necessary City Council meetings for approval.

Development Impact Fees

There are three approaches the City may choose in updating development impact fees. Depending on need at the time, Harris can perform one or more of the following updating efforts:

- Annual ENR Update: Assist the City annually by preparing an update to the fee schedule reflecting the *Engineering News Record* Construction Cost Index
- Annual Reports: Assist the City annually with the preparation of the annual impact fee report
- Comprehensive Fee Update: Assist in a comprehensive update of the impact fee program by reviewing all project costs, updating with land developed during the prior year, updating fund balances and calculating new impact fees; prepare new Nexus Study; provide comparison of the updated fees with other agencies; attend meeting with the development community and BIA; and attend City Council meeting to present the updated fees.

METHOD OF APPROACH

ROLES OF CITY STAFF IN THE PROJECT

These types of projects are collaborative efforts. The ClearSource-Harris team identifies the following key ways in which City staff are involved in the completion of the studies:

- Provide institutional knowledge and expertise and requested background documents, such as financial data, staffing information, planning data, and capital planning.
- Provide overview of current cost allocation practices and application of outcomes, current fee schedules and data tracking systems.
- Attend meetings and provide direction based on consultant-generated options
- Review all consultant documents and provide comments
- Notice all public meetings.
- Prepare agenda items and resolutions for proposed fees.
- Provide review by City Attorney.

IMPLEMENTATION SCHEDULE

ClearSource anticipates the following timeline for **delivery of draft reports** for each element of this project:

- Cost Allocation Plan: 90 Days
- Citywide Fee Study: 150 Days

Upon delivery of the draft report, the City may schedule City Council engagements to review recommendations, consultants may issue final reports, and public hearings may be scheduled following the City's preferred timing and legislative or community priorities. This may require an additional 30 to 60 days depending on the business of the City at the time.

Total project timing is illustrated in **Exhibit 2** on the following page.

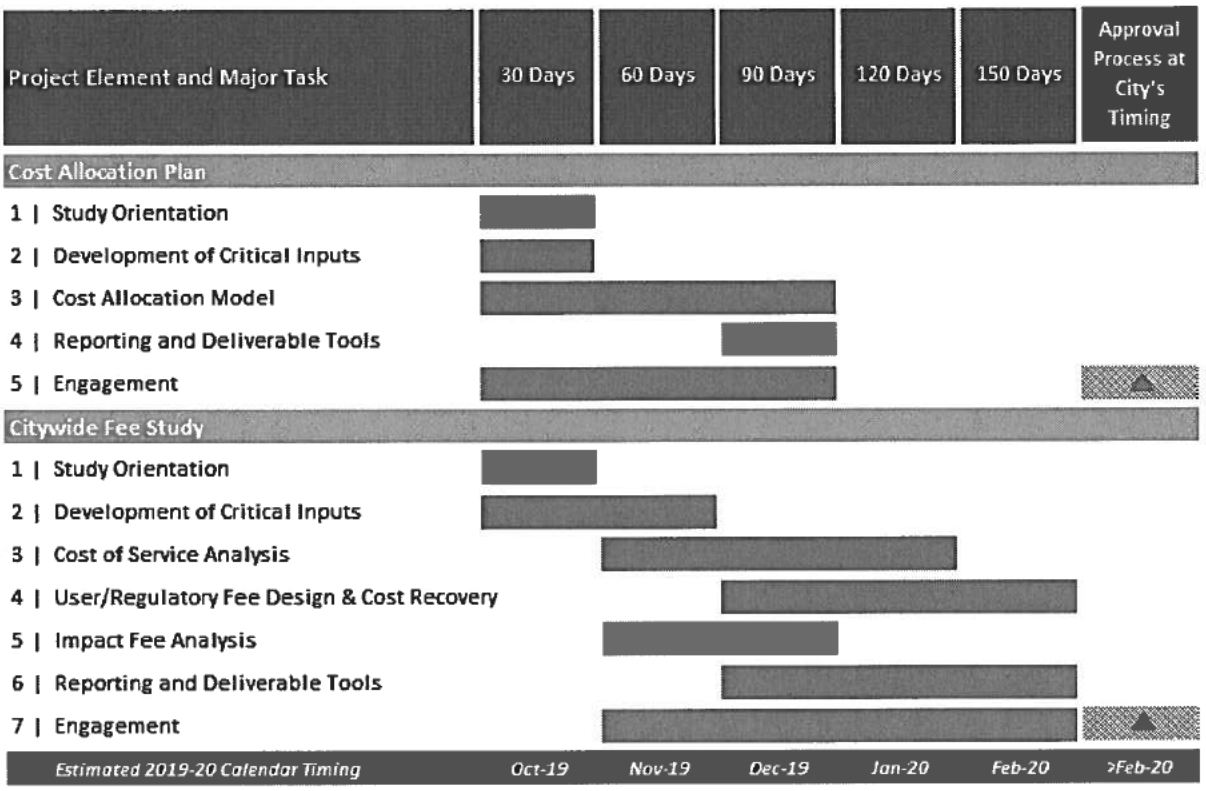
Inclusive of this projected process, we estimate 2019-20 calendar timing as follows:

- Assuming project commencement in late September 2019, all project elements will be **ready for final approval stages by the end of February 2020**.
- Assuming study results are prioritized in the City's legislative process, **all project elements should have completed approval stages by the end of April 2020**, well within the City's desire to include study outcomes in the budget development for Fiscal Year 2020-21.

It is important to note that California law requires a 60-day period after City Council approval (public hearing) before modified and/or new development review fees and development impact fees may go into effect.

METHOD OF APPROACH

EXHIBIT 2 | ESTIMATED PROJECT TIMELINE



▲ Onsite engagement event (actual timing to be determined at project commencement)

★ Delivery of draft report, ready for any legislative approval procedures and public review

QUALIFICATIONS | EXPERIENCE

CLEARSOURCE-HARRIS CONSULTING TEAM

We introduce the City of Costa Mesa to the team of **ClearSource Financial Consulting and Harris & Associates** for performance of this project. Together, we look forward to the chance to serve the leaders, direct service providers, and constituents of the City.

To serve the comprehensive needs of the City of Costa Mesa, this proposal represents a team of consultants from two firms:

- **ClearSource Financial Consulting** will manage the overall project and have technical responsibility for the Cost Allocation Plan and the User/Regulatory Fees embedded in the Citywide Fee Study.
- **Harris & Associates** will partner with ClearSource and have technical responsibility for the Development Impact Fees embedded in the Citywide Fee Study.

SPOTLIGHT ON CLEARSOURCE FINANCIAL CONSULTING

ClearSource History

ClearSource Financial Consulting is a privately owned California-based boutique consulting firm intentionally sized and structured to focus on a **highly tailored, high quality study experience for our clients**. ClearSource is staffed by a five-person team of seasoned individuals with decades of combined experience in local government financial analysis. We are particularly focused on equitable forms of cost allocation and cost recovery within the challenges and constraints of the ever-evolving California statutory and legal environment, informed respectfully and strategically by the voter driven principles embedded in Propositions 218 and 26.

Our firm is centered on ClearSource founder and President, Terry Madsen, who will lead the study from start-to-finish. **For over 17 years, Terry has provided financial consulting services exclusively to local government agencies.** In October 2011, he founded ClearSource, a firm dedicated to providing local government agencies with premier financial consulting services:

- Energy and enthusiasm to dive deep into the details
- Willingness to do the heavy lifting necessary to implement modernization and lasting change
- Commitment to on-time delivery and not-to-exceed consulting fees

ClearSource Service Profile

ClearSource provides services to California municipal agencies, consulting on topics focused on **revenue management through cost of service-based resources**, including the following common areas of study and consulting for a wide cross-section of governmental services and funds:

- User and regulatory fee studies
- Master fee schedule updates
- Comparative/market analysis
- Cost allocation plans
- Internal service fund rate studies
- Cost sharing

Our primary focus is in revenue streams linked to cost of service principles, equity, and local-

government control. Throughout these areas of expertise, we often work in harmony with internal and external stakeholders to achieve successful implementation of the necessary solutions.

As with every study of this type, the successful completion of this project at the City of Costa Mesa will require **positive, professional relationships with City staff**, contract service providers, stakeholders, and the City Council and/or subcommittees. ClearSource clientele can attest to our ability to successfully navigate timing, competing values, and other challenges that arise when completing large scale projects.

During his career, **Terry Madsen has been awarded for his integrity, client service, dedication, and perseverance**. His treatment of internal staff, and respect for the challenges they face and the results they require in order to successfully accomplish their goals and objectives, results in working relationships that span multiple years and projects.

SPOTLIGHT ON HARRIS & ASSOCIATES

Profile

Harris & Associates (Harris) offers our clients expertise and assistance in engineering, program and construction management, and **strategic advisory services including, municipal finance, environmental services, community planning and sustainability and infrastructure and utilities**. With approximately 220 employee-owners, Harris is sized to keep your project a priority and personally vested in its success.

Harris has assembled an experienced team with the ability and drive to develop an impact fee program that will stand up to legal scrutiny and balance the City's financial and economic goals. Harris has provided **financial engineering services to local communities for more than 20 years and is proud to serve as our clients' trusted advisor**. As a testament to this, our project manager for the Development Impact Fee Study, **Alison Bouley, PE, has been serving as the City of Tracy's financial expert for 18 years**.

Our team members are **engineers, financial experts, urban planners, and real estate development professionals**; this unique combination minimizes the time commitment of the City and brings a diverse and unique perspective to the project. We use our engineering expertise to analyze technical reports, develop cost estimates, calculate dwelling unit equivalents, and analyze other technical components of the fee programs. Our city planning and real estate development staff bring a unique perspective and understanding of policies, regulations, and standards used in community development, public works, and finance departments throughout California.

Expertise and Services

Harris & Associates' public finance team provides clients with a broad range of public financing and assessment engineering services. Our unique **combination of being engineers and financial experts** allows us to provide a host of services to our clients resulting in reduced City staff time involved on projects. Harris provides our clients with the technical expertise and knowledge needed to develop and implement sound financial strategies that will provide your community with the services

and facilities needed to meet the needs of new residents and workers. With more than 100 public agencies served in California, our services have included:

- Development Impact Fees in compliance with AB1600, Utility User Fees and other types of Fee Programs
- Feasibility and rate studies to determine the best financing options
- Maintenance fee establishment per the Health and Safety Code
- Maintenance Assessment Districts, such as the California Landscape and Lighting Act of 1972 and Benefit Assessment Act of 1982
- Assessment district formation and administration under California's 1911 Act and 19123/1915 Act
- Community facility district formation and administration under California's Mello-Roos Community Facilities District Act
- Benefit nexus studies and ballot preparation pursuant to Article XIIID of the California State Constitution
- Tax formulas for special tax districts

In developing Impact Fee Programs in accordance with the Mitigation Fee Act (AB1600), as engineers, Harris is able to review Master Plans and other technical documents to determine the impact fee eligible projects, develop the projected costs of facilities, and develop strategies to ensure that new development is paying for only their fair share. This experience and knowledge helps ensure that the recommended fees will provide the necessary revenues. Because our team works with agencies to develop all types of Facilities Financing Plans, we are **able to identify strategies for funding current deficiencies that cannot be paid for using impact fee revenues** and also assist the City in developing long term maintenance funding strategies. This experience and knowledge is critical in creating a **sustainable financial model** for the City.

IDENTIFYING INFORMATION FOR THE FIRMS

Both ClearSource and Harris are **corporations**; therefore, the following information is provided as required by the Request for Proposals:

STATUS FOR THIS PROJECT:	Primary Contractor	Subcontractor
NAME:	ClearSource Financial Consulting	Harris & Associates
CORPORATE ADDRESS:	7960 B Soquel Drive, Suite 363 Aptos, CA 95003	1401 Willow Pass Road, Suite 500 Concord, CA 94520
LOCAL ADDRES:	n/a	2200 Executive Park, Suite 200 Irvine, CA 92614
STATE INCORPORATED	California	California
YEARS IN BUSINESS	2011, 8 years	1974, 45 years

COMPARABLE PROJECTS AND REFERENCES

Please contact our references to discuss their experience with **cost allocation, cost of service, user/regulatory fee, and other cost recovery projects** completed by ClearSource and Harris.

City of Lake Forest, California

ClearSource prepared a Fee Policy, Overhead Cost Allocation, and Comprehensive Fee Study for the City of Lake Forest. The onset of the work established the framework for evaluation of cost recovery factors and user fee goals. The Cost Allocation Plan ensured reasonable distribution and recovery of Citywide central services within indirect rates, internal charges, and application to forms of cost recovery. Fee-related services under review in the cost of services analysis included regulatory activities, permitting, facility rentals, program participation, operations and public services, response to individual action, licensing/billing/records/administration, and hourly rates for direct billing. (2019)

Carlo Tomaino, Economic Development Mgr.
949.461.3569 | ctomaino@lakeforestca.gov

City of Laguna Woods, California

ClearSource completed a User Fee and Overhead Cost Allocation Study for the City of Laguna Woods. As the City matured, it needed to create a schedule of fees that more closely corresponded to likely development scenarios. The ClearSource study involved significant fee restructuring and extensive testing to forecast anticipated revenue impacts of the restructured fees ("before" and "after" scenario testing). Services studied included Building, Planning, Engineering, and Central Services. (2017-18, Most Recent Comprehensive Study)

Chris Macon, City Manager
949.639.0500 | cmacon@cityoflagunawoods.org

City of Huntington Beach, California

ClearSource is conducting a Comprehensive User/Regulatory Fee Study for the City of Huntington Beach. Fee-related services under review include the following programs: City Clerk, Finance, Community Development (planning, building, and code enforcement), information services, office of business development, public works (engineering, operations, and public services), police, fire (prevention, operations, and marine safety), library, and community services. Additionally, ClearSource is developing a new Full Cost Allocation Plan for Citywide central services and departmental administration, which informs interfund transfers for service and indirect rates applied to various forms of cost recovery. (2019)

Dahle Bulosan, Finance Manager, Accounting
714.536.5648 | DBulosan @surfcity-hb.org

City of Palos Verdes Estates, California

ClearSource prepared a User Fee Study for the City of Palos Verdes Estates. In 2017 the City conducted its first comprehensive user and regulatory fee study. The study involved extensive public education efforts, including multiple presentations before the City Council and a designated fee study review ad-hoc committee. Ultimately, fees were unanimously adopted by the Council. Services studied included Building, Planning, Engineering, Police, Public Works, Community and Event Permitting, and Administration. (2018-19, Most Recent Comprehensive Study)

Anton "Tony" Dahlerbruch, City Manager
310.378.0383 | adahlerbruch@pvestates.org

City of Long Beach, California

ClearSource prepared a study of Land Development Regulatory Fees for the City of Long Beach. The City recently created a division focused exclusively on serving private development needs within the Engineering Bureau of the Public Works Department. The study involved reviewing all existing fees for services and recommending fees for services currently provided by the division without existing fee recovery. (2017-18)

Joshua Hickman, Program Manager
562.570.5714 | joshua.hickman@longbeach.gov

City of Torrance, California

ClearSource completed a Comprehensive User/Regulatory Fee Study for the City of Torrance. Fee-related services reviewed included the following programs City Clerk, Building & Safety, Engineering, Planning, Environmental Design & Protection, Library, Parks & Recreation, Parks Services, Finance, Fire Prevention & Hazardous Materials, Airport, Cultural Arts Center, Police, Animal Control, and Water (Non-Rate). ClearSource has continued to serve the City of Torrance as stand-alone cost of service and cost recovery issues arise. Topics have included parking enforcement and citation program and taxicab permitting. (2017-18 Most Recent Comprehensive Study)

Sheila Poisson, Assistant Finance Director
310.618.5854 | spoisson@torranceca.gov

City of Ventura, California

ClearSource completed a Comprehensive User/Regulatory Fee Study for the City of Ventura. Fee-related services reviewed included the following program areas: planning, land development, construction, fire prevention, traffic engineering, utilities, stormwater quality inspection, parks, recreation and community partnerships, special events, treasury, police, and clerk. As part of this effort, ClearSource routinely develops an accompanying Citywide full cost allocation plan to ensure recovery of central services in the City's various fee and charge structures. (2017-18 Most Recent Comprehensive Study)

Greg Morley, Budget Manager
805.654.7800 | gmorley@cityofventura.ca.gov

City of Tracy, California

Harris has been providing development impact fee program management services to the City of Tracy for over 20 years covering separate fee programs for ten specific plan areas. Harris assisted in the development of the fee programs and has prepared regular updates to the fee programs. In addition, Harris assists the City in developing credit and reimbursement agreements, calculating developer fee credits, tracking developer fee credits and reimbursements, developing fee quotes, tracking developer obligations against the development agreements and preparing the City's annual AB1600 report. Harris is currently assisting the City by preparing a financial model to predict revenue that will be generated through the impact fee program and track planned expenditures. Harris has prepared several reconciliations of the fee programs by specific plan area to compare the City's fund balances against the calculated revenue and expenditures. Harris also assists the City in determining the reimbursement due to the developer's for constructing City infrastructure, by completing a review of the developer's construction documents including invoices, checks, contracts, and change orders. (Ongoing)

Andrew Malik, Assistant City Manager
209.831.6423 | andrew.malik@ci.tracy.ca.us

City of Oxnard, California

Harris assisted the City in reviewing their development impact fee program to determine the status of each program. Harris recommended a plan and schedule for a comprehensive update to the City's fee program and is currently working to implement the plan by preparing new impact fees for water, sewer, traffic, storm drainage, park development, Quimby in-lieu, public safety, public buildings, utility undergrounding, affordable housing, art in public places, and refuse. Harris is also assisting the City in developing a parking in-lieu fee for their downtown area. In addition, Harris prepared the City's annual AB1600 report last two fiscal year.

Rosemarie Gaglione, Public Works Director
805.385.8055 | rosemarie.gaglione@oxnard.org

Mountain House Community Services District (CSD)

Harris performed an update of the CFF and TIF fees for the Mountain House CSD. The CFF fees fund parks, public buildings, and public safety facilities. The TIF fee funds roads and intersections. Harris is creating a reimbursement policy to summarize the process for reimbursements and credits. In addition, Harris calculated the annexation fee for reimbursement to the master developer for construction of initial infrastructure and creating a policy document for annexation into the CSD. Harris is assisting the City with management of the City's cost certification process, coordinating with staff and the development community, and maintaining tracking spreadsheets. Harris has presented at Board meetings and developer meetings as part of the process.

Sarah Ragsdale, Acting General Manager
209.831.5645 | sragsdale@sjgov.org

OTHER PROPOSAL STATEMENTS

To conserve space within the page limitation, we address other required statements from the Request for Proposals as follows:

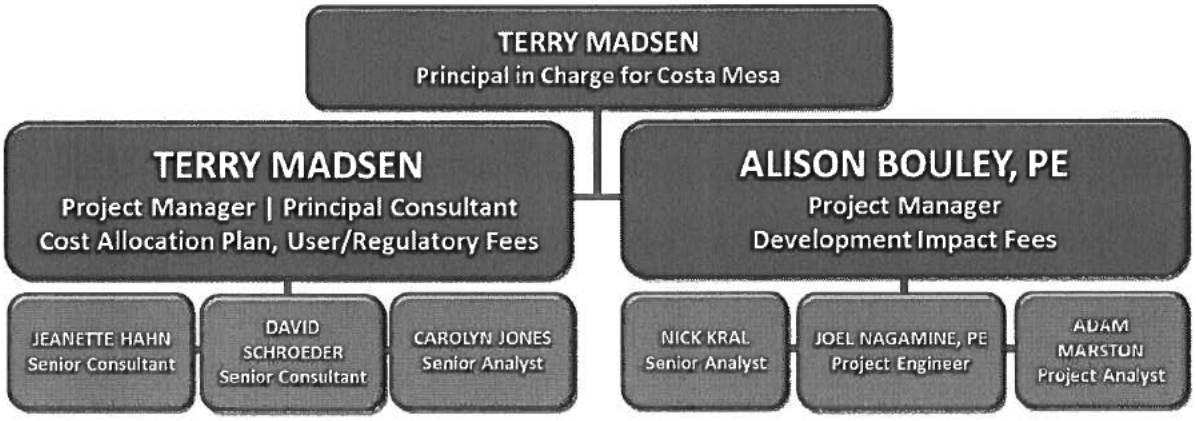
- Our cost proposal is submitted under separate cover as instructed by the City.
- ClearSource and Harris do not have any past or current business or personal relationships with any current Costa Mesa elected official, appointed official, City employee, or family member of any current Costa Mesa elected official, appointed official, or City employee.
- We respectfully request the amendments to the City's Professional Services Agreement as attached at the end of this proposal.
- The City's forms are attached at the end of this proposal, with the exception of the Vendor Application Form, which must be included with the cover letter.

CLEARSOURCE-HARRIS CONSULTING TEAM

Project Team Organization

Terry Madsen will serve as the Principal in Charge of our combined ClearSource and Harris consulting team, with Project Managers for each technical element also working closely with City staff and leaders during project development and in implementation of outcomes. Our team structure is illustrated in **Exhibit 3**.

EXHIBIT 3 | CLEARSOURCE-HARRIS CONSULTING TEAM ORGANIZATION



Terry Madsen

CLIENT PRINCIPAL IN CHARGE

PROJECT MANAGER / PRINCIPAL CONSULTANT FOR COST ALLOCATION, USER FEES

Terry Madsen is the President and Principal Consultant of ClearSource Financial Consulting. For 16 years, he has provided financial consulting services to local government agencies.

In October 2011 Terry founded ClearSource Financial Consulting (ClearSource), a firm dedicated to providing local government agencies with premier financial consulting services. From October 2001 to October 2011 Terry was employed by a competing California firm, NBS. Terry's depth of knowledge includes numerous service areas including user fee studies, indirect cost allocation studies, internal service fund rate studies, water and wastewater rate studies, and special financing district administration.

During his career, Terry has served the following agencies, among others:

- Atherton
- Chula Vista
- East Palo Alto
- Gustine
- Hesperia
- Indio
- Laguna Woods
- La Quinta
- Long Beach
- Los Angeles
- Napa
- Oakdale
- Oro Loma Sanitary District
- Sacramento
- Sacramento Regional Transit District
- San Carlos
- San Diego Metropolitan Transit System
- Sierra Madre
- Taft
- Union Sanitary District
- Ventura

Within the past year, Mr. Madsen has supported cost allocation and user fee studies for California cities, including but not limited to, Azusa, Escalon, Gustine, Laguna Woods, La Quinta, Larkspur, Palos Verdes Estates, Rancho Mirage, San Leandro, Torrance, and Ventura.

Terry has worked closely with every level of the public body including property owners, community organizations, council members, special commissions, agency managers, all members of the agency finance team, directors of every agency department, management analysts, and the direct service staff that are the primary contact points for members of the community, such as inspectors, plan reviewers, operators, maintenance personnel, and records staff.

Terry's experience in performing fee studies includes all phases of the work, from project initiation to completion and presentation of final findings. His efforts include data gathering, conducting interviews with agency staff, model development, report preparation, and presentation and delivery of study narratives. He has analyzed fees for a comprehensive array of municipal services, such as planning, land development, building, fire protection, code enforcement, community services, parks, recreation, administration, general governmental, public infrastructure, utilities, and others.

Terry is a member of the California Society of Municipal Finance Officers. He received his undergraduate degree (Cum Laude) from Cal Poly, San Luis Obispo. He was awarded a Bachelor of Science in Business Administration with a Finance Concentration and an Economics Minor. He received his graduate degree from California State University, San Bernardino. He was awarded a Master of Business Administration with an Entrepreneurship Concentration.

Alison Bouley, PE

PROJECT MANAGER FOR DEVELOPMENT IMPACT FEES

Alison has 18 years of experience providing program management and financial engineering services to cities, counties, and special districts on a wide variety of project types, including AB1600 development impact fees and Quimby fees. Alison is a senior director in the Harris public finance group and head of Harris' development impact fee group. She is a true team-player, thriving in environments where she can accomplish the challenges presented by her clients through collaboration and problem solving.

Alison's relevant experience is as follows:

- City of Gustine, Development Impact Fee Update. Project Manager.
- City of Gonzales, Traffic Impact Fee Update. Project Manager.
- City of Tracy, Citywide Master Plans, AB1600 Fee Studies, and Ongoing Program Management. Project Manager.
- Mountain House CSD, CFF & TIF Update & Annexation Fee. Project Manager.
- City of Sacramento, Jacinto Creek Fee Update. Project Manager.
- City of Oxnard, Impact Fee Implementation and Action Plan. Project Manager.
- City of Manteca, Park Impact Fee. Project Manager.
- City of Lodi, Infrastructure Master Plan and Impact Fees. Project Manager.

Alison is a Professional Civil Engineering in the State of California. She earned a Bachelor of Science in Civil Engineering and a Bachelor of Science in Engineering Management.

Jeanette Hahn

SENIOR CONSULTANT FOR COST ALLOCATION, USER FEES

Jeanette Hahn is a Senior Consultant for ClearSource Financial Consulting. She has over 18 years of experience advising municipal agencies on equitable and effective costs of service, cost recovery, and strategic financial planning.

Jeanette has analytical and policy expertise in the following subject matter:

- Cost of service analysis and cost allocation for cost recovery opportunities, including user fees, regulatory fees, and contracts/partnerships
- Water, wastewater, reclaimed water, and storm water/drainage utility rates and fees
- Development impact fees and capacity charge nexus analysis/justification
- Economic feasibility/decision analysis
- Long-range financial planning
- Benchmarking

Prior to becoming part of the ClearSource team in 2017, Jeanette succeeded at competing consulting firms. She was Director of Financial Consulting for California-based NBS from 2007 to 2011 and served progressive roles at FCS GROUP from 1997 to 2007, including California Regional Manager from 2004 to 2007. Jeanette stepped down from these executive roles in 2011 to focus on motherhood.

Jeanette has performed nearly 200 separate engagements for public agencies of diverse size and situation throughout the Western United States, including in California, Washington, Oregon, Idaho, Nevada, Utah, Montana, and Alaska. She is articulate and agile when working within the legal framework of rate and fee-setting across these states, with particular emphasis on California's Proposition 218 and the state's Mitigation Fee Act. As an accomplished and highly regarded speaker, Jeanette has earned a reputation for crafting effective and persuasive messages for attaining legislative and public approval of financial plans and accompanying rates and fees. Her skills have been deployed frequently in municipal work to defuse contentious or actively contested matters. Furthermore, she has been repeatedly invited to present in educational and industry forums, such as the California Society of Municipal Finance Officers, League of California Cities, Association of California Water Agencies, and California Special Districts Association, among many others.

Within the past year, Jeanette has supported user fee studies for California cities, including but not limited to, Escalon, Palos Verdes Estates, Long Beach, Rancho Mirage, Roseville, San Leandro, Shafter, and Torrance.

Jeanette holds a Bachelor of Arts in Economics with a Public Finance concentration from the University of Washington, Seattle.

Nick Kral

SENIOR ANALYST FOR DEVELOPMENT IMPACT FEES

Nick has 10 years of experience providing support to cities, counties, and developers in finance, construction, special districts, and AB1600 impact fees. Prior to joining Harris, he worked with private developers providing needed financial support, proforma creation, due diligence, and long-term planning. He is skilled in special district formation, bond financing, development impact fees, and project due diligence. Nick is a problem solver who will work with stakeholders and clients to facilitate solutions acceptable to all parties. He is a problem solver and can lead project stakeholders to a satisfactory result for all.

Nick's relevant experience is as follows:

- City of Elk Grove, Impact Fee Peer Review for a Private Developer. Project Manager
- City of Oxnard, Development Impact Fee Update. Senior Project Analyst
- Placer County, Service Area Formation and Update. Project Manager
- Sacramento County, Public Facilities Financing Plan and Urban Services Plan for a Private Development. Project Manager
- Placer County, Public Facilities Financing Plan and Urban Services Plan. Project Manager

Nick earned a Master of Business Administration in Finance and a Bachelor of Science in Accounting.

David Schroeder

SENIOR CONSULTANT FOR COST ALLOCATION, USER FEES

David Schroeder is a Senior Consultant for ClearSource Financial Consulting. He has served the public sector for more than 15 years, focusing on recovery of municipal service costs, particularly within the varied structures of California special financing districts used by cities, counties, and special purpose districts across the state.

David's technical expertise is centered on large-scale and complex database analysis on multiple platforms, geographic information systems and science (GIS), and auditing of records and systems. Project areas in which David applies these skills for public sector clients have included:

- Special financing district administration, formation, annexation, auditing, and continuing disclosure reporting.
- Advanced GIS, including design and analysis to support district formation, annexation, Proposition 218 procedures, rate studies, and development impact fee analysis.
- Solutions generation for complex issues facing municipal clients, including fund close-outs, independent auditing of special financing districts, design and administration of refund programs, and data-driven public outreach.

David's expertise has supported a variety of public services including: lighting and landscaping, public safety, public facilities and maintenance services, and other municipal activities spanning general and special benefit. He is conversant in and has trained client agencies on GIS, including systems such as ESRI ArcGIS and the creation and usage of GIS web applications on the platform.

In the past year as a consultant with ClearSource, David has supported cost of service, cost allocation, and fee studies for the following California agencies: the Cities of Lincoln, La Quinta, Lake Forest, Oakdale, Campbell, Ventura, Elk Grove, and Huntington Beach; Kern County, and Sacramento Regional Transit.

David earned a Bachelor of Science in Business Administration, concentrating in Accounting Information Systems, from California State University San Bernardino. He is also certified from the University of West Florida's Graduate Geographic Information Science program.

Joel Nagamine, EIT

PROJECT ENGINEER FOR DEVELOPMENT IMPACT FEES

Joel is California proficient in AutoCAD Civil 3D, Bluebeam Revu, and the Microsoft Office Suite. He has been assisting with the update of several fee programs throughout California including the City of Tracy, City of Sacramento, and Mountain House CSD. His work has included updating cost estimates, preparing Nexus Studies, and calculating development impact fees in accordance with AB1600 requirements. He also assists on acquisition audit projects by

reviewing bid documents, change orders, invoices and proofs of payment submitted by the developer, and performing the cost/reimbursement analysis.

Joel's relevant experience is as follows:

- City of Gonzales, Traffic Impact Fee Update. Project Engineer.
- City of Sacramento, North Natomas Finance Plan Update. Project Engineer
- City of Tracy, Citywide Master Plans, AB1600 Fee Studies and Ongoing Program Management. Project Engineer.
- Mountain House Community Services District, CFF & TIF update & Annexation Fee. Project Engineer.

Joel is a licensed Professional Civil Engineer in the State of California. He earned a Bachelor of Science in Civil Engineering.

Adam Marston

PROJECT ANALYST FOR DEVELOPMENT IMPACT FEES

Adam is an Urban Planner and has been involved in preparing finance and implementation plans and calculating development impact fees for agencies throughout California including the Cities of Gustine, Lodi, Tracy, and Sacramento. Adam has direct experience working as an integral part of a city's Community Development Department. He is a versatile team player, focused on connecting with clients and stakeholders alike to deliver a final product reflective of a collective vision of the community.

- City of Sacramento, Jacinto Creek Finance Plan Update. Project Manager
- City of Gustine. Development Impact Fee Update. Project Analyst
- City of Lodi, Impact Mitigation Fee Program Update. Project Analyst.
- City of Oxnard, Development Impact Fee Update. Project Analyst.
- Mountain House Community Services District, CFF & TIF Update & Annexation Fee. Project Analyst.
- City of Tracy, Northeast Industrial Area Water and Sewer Fees. Project Analyst.

Adam earned a Bachelor of Science in City and Regional Planning and a Post-Baccalaureate Certificate in Construction Management.

Carolyn Jones

SENIOR ANALYST

Carolyn Jones is a Senior Analyst for ClearSource Financial Consulting. Prior to joining ClearSource, Carolyn completed 20 years as a financial analyst for the City of Ventura specializing in public works, water/wastewater, and parks and recreation. Included in her study experience are cost allocation, internal service fund rates, user fees, and special assessment district administration.

Prior to working in Ventura, Carolyn was a senior management analyst for the City of Moreno Valley Community Services District. She also spent six years with the Municipality of Anchorage, working on the ombudsman team investigating citizen complaints, with operations review of utilities, public safety, general government, planning, and public works. Within the past year, Carolyn has supported cost allocation and user fee studies for California cities, including but not limited to, Escalon, Gustine, Laguna Woods, La Quinta, Larkspur, Palos Verdes Estates, Rancho Mirage, Bell, Torrance, and Ventura.

Carolyn was awarded a Bachelor of Science in Business Administration with a Management Concentration from the University of Alaska, Anchorage.

COMPANY PROFILE & REFERENCES

Company Profile

Company Legal Name: ClearSource Financial Consulting

Company Legal Status (corporation, partnership, sole proprietor etc.): Corporation

Active licenses issued by the California State Contractor's License Board: n/a

Business Address: 7960 B Soquel Drive, Suite 363, Aptos, CA 95003

Website Address: www.clearsourcefinancial.com

Telephone Number: 831.288.0608 Facsimile Number: 831.684.7646
Email Address: tmadsen@clearsourcefinancial.com

Length of time the firm has been in business: 8 years Length of time at current location: 8 years
Is your firm a sole proprietorship doing business under a different name: ____ Yes x No
If yes, please indicate sole proprietor's name and the name you are doing business under:
n/a

Is your firm incorporated: x Yes ____ No If yes, State of Incorporation: California
Federal Taxpayer ID Number:
45-3724134

Regular business hours: 8:00 AM to 5:00 PM
Regular holidays and hours when business is closed:
Standard federal holidays

Contact person in reference to this solicitation:
Terry Madsen, President and Principal Consultant

Telephone Number: 831.288.0608 Facsimile Number: 831.684.7646

Email Address: tmadsen@clearsourcefinancial.com

Contact person for accounts payable:
Terry Madsen, President and Principal Consultant

Telephone Number: 831.288.0608 Facsimile Number: 831.684.7646

Email Address: tmadsen@clearsourcefinancial.com

Name of Project Manager: Terry Madsen

Telephone Number: 831.288.0608 Facsimile Number: 831.684.7646

Email Address: tmadsen@clearsourcefinancial.com

COMPANY PROFILE & REFERENCES
(Continued)

Submit the company names, addresses, telephone numbers, email, contact names, and brief contract descriptions of at least five clients, preferably other municipalities for whom comparable projects have been completed or submit letters from your references which include the requested information.

Company Name: City of Lake Forest Telephone Number: 949.461.3569

Contact Name: Carlo Tomaino Contract Amount: $39,000

Email: ctomaino@lakeforestca.gov

Address: 25550 Commercentre Drive, Suite 100, Lake Forest, CA 92630

Brief Contract Description: Fee Policy, Overhead Cost Allocation, and Comprehensive Fee Studies

Company Name: City of Huntington Beach Telephone Number: 714.536.5648

Contact Name: Dahle Bulosan Contract Amount: $54,600

Address: 2000 Main Street, Huntington Beach, CA 92648

Email: DBulosan @surfcity-hb.org

Brief Contract Description: Cost Allocation and Fee Study

Company Name: City of Torrance Telephone Number: 310.618.5854

Contact Name: Sheila Poisson Contract Amount: $45,000

Email: spoisson@torranceca.gov

Address: 3031 Torrance Boulevard, Torrance, CA 90503

Brief Contract Description: Cost Allocation Plan and Citywide User Fee Study

Company Name: City of Laguna Woods Telephone Number: 949.639.0500

Contact Name: Chris Macon Contract Amount: $10,000

Address: 24264 El Toro Road, Laguna Woods, CA 92637

Email: cmacon@cityoflagunawoods.org

Brief Contract Description: Development Services Fee Study and Cost Allocation Plan

Company Name: City of Ventura Telephone Number: 805.654.7800

Contact Name: Greg Morley Contract Amount: $36,700

Email: gmorley@cityofventura.ca.gov

Address: 501 Poli Street, Ventura, CA 93001

Brief Contract Description: Cost Recovery and Cost of Service Analysis, Master Fee Schedule

Additional References are Listed in the Technical Proposal and Available upon Request.

EX PARTE COMMUNICATIONS CERTIFICATION

Please indicate by signing below one of the following two statements. **Only sign one statement.**

I certify that Proposer and Proposer's representatives have not had any communication with a City Councilmember concerning **RFP No. 19-11 Citywide Fee Study and Cost Allocation Plan** at any time after **August 2, 2019.**

_____ **Date:** 08/19/2019

Signature

Terry Madsen

Print

OR

I certify that Proposer or Proposer's representatives have communicated after **August 2, 2019** with a City Councilmember concerning **RFP No. 19-11 Citywide Fee Study and Cost Allocation Plan.** A copy of all such communications is attached to this form for public distribution.

_____ **Date:** _____

Signature

_____

Print

DISCLOSURE OF GOVERNMENT POSITIONS

Each Proposer shall disclose below whether any owner or employee of Contractor currently hold positions as elected or appointed officials, directors, officers, or employees of a governmental entity or held such positions in the past twelve months. List below or state "None."

None.

DISQUALIFICATION QUESTIONNAIRE

The Contractor shall complete the following questionnaire:

Has the Contractor, any officer of the Contractor, or any employee of the Contractor who has proprietary interest in the Contractor, ever been disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of law or safety regulation?

Yes _____ **No** X

If the answer is yes, explain the circumstances in the following space.

BIDDER/APPLICANT/CONTRACTOR CAMPAIGN CONTRIBUTION

DISCLOSURE FORM

Proposer/Consultant/Applicant is required to identify any campaign contribution or cumulative contributions greater than $249 to any city council member in the twelve months prior to submitting an application, proposal, statement of qualifications or bid requiring approval by the City Council.

Date	Name of Donor	Company/Business Affiliation	Name of Reciplent	Amount

Except as described above, I/we have not made any campaign contribution in the amount of $250 or more to any Costa Mesa City Council Member in the twelve months preceding this Application/Proposal.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Bidder/Applicant/Proposer

08/19/2019

Date

REVISED

APPENDIX B
FORMS

Section **II. General Instructions and Provisions**, Forms has been revised to remove a form, the Notice of Intent to Submit Proposal Form. The revised **II. General Instructions and Provisions** are as follows:

- **Checklist of Forms to Accompany Proposal:** As a convenience to Proposers, following is a list of the forms, **Appendix B** included in this RFP, which should be included with Proposals:

  1. Vendor Application Form
  2. Company Profile & References
  3. Ex Parte Communications Certificate
  4. Disclosure of Government Positions
  5. Disqualifications Questionnaire
  6. Campaign Contribution Disclosure Form

All other provisions of the request for proposal shall remain in their entirety.

Vendors hereby acknowledge receipt and understanding of the above Addendum. Complete and submit this Addendum with your proposal.

08/19/2019

Signature Date

Terry Madsen, President

Typed Name and Title

ClearSource Financial Consulting

Company Name

7960 B Soquel Drive, Suite 363

Address

Aptos **CA** **95003**

City State Zip

Attachment

Requested Amendments to Professional Services Agreement

1.2-Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also ~~warrants~~ acknowledges that it is familiar with all applicable laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant's performance of this Agreement.

1.4 ~~Warranty~~ Acknowledgement. Consultant ~~warrants~~ acknowledges that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments ~~of every nature and description~~ including reasonable attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

6.9 Indemnification and Hold Harmless. Consultant agrees to defend, indemnify, hold free and harmless the City, its elected officials, officers, ~~agents~~ and employees, at Consultant's sole expense, from and against ~~any and~~ all claims, actions, suits or other legal proceedings brought against the City, its elected officials, officers, agents and employees to the extent caused by ~~arising out of~~ the negligent performance of the Consultant, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply ~~without any advance showing of~~ to the extent caused by the negligence or wrongdoing by the Consultant, its employees, and/or authorized subcontractors, ~~but~~ and shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, negligent errors, omissions or misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected officials, officers, agents and employees ~~based upon the~~ to the extent caused by the negligent work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, ~~whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable.~~ Notwithstanding the foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the ~~sole active~~ negligence or willful misconduct of the City. To the extent that the Consultant's services are subject to California Civil Code 2782.8, the above indemnity, including the cost to defend, shall be limited to the extent required by Civil Code Section 2782.8. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect.

EXHIBIT C

FEE SCHEDULE

CITY OF COSTA MESA

AUGUST 21, 2019

COST PROPOSAL TO PERFORM CONSULTING SERVICES

Cost Allocation Plan and User Fee Study

RFP NO. 19-11

Refer to Separate Technical Proposal

ClearSource Financial Consulting

TERRY MADSEN | PRINCIPAL CONSULTANT

tmadsen@clearsourcefinancial.com | 831.288.0608

7960 B Soquel Drive, Suite 363 | Aptos, California 95003

www.clearsourcefinancial.com

IN ASSOCIATION WITH

Harris & Associates

CONTENTS

COST PROPOSAL ORGANIZATION

The following information is organized as directed by the Request for Proposals.

1.1 | Cost Proposal

FORMS

The following City forms have been attached to this cost proposal.

| Fee Schedule

SEPARATE SUBMITTAL

Please refer to our technical proposal, which is submitted under separate cover.

| Technical Proposal

ClearSource Financial Consulting

7960 B SOQUEL DRIVE, SUITE 363 | APTOS, CALIFORNIA 95003
831.288.0608 | WWW.CLEARSOURCEFINANCIAL.COM

August 19, 2019

CITY OF COSTA MESA
City Hall | Office of the City Clerk
77 Fair Drive
Costa Mesa, California 92628-1200

Proposal for a Fee Study and Cost Allocation Plan (RFP No. 19-11)

Dear Members of the Selection Team:

Enclosed is a consulting fee proposal submitted by the ClearSource-Harris team separately from our technical proposal for the City of Costa Mesa's Citywide Fee Study and Cost Allocation Plan.

I am the President of ClearSource Financial Consulting, authorized to negotiate and bind ClearSource contractually. My signature obligates ClearSource to the terms of this proposal and confirms that this proposal shall remain valid for a period of 180 calendar days from the date of this submittal.

Sincerely,

TERRY MADSEN, PRESIDENT | CLEARSOURCE FINANCIAL CONSULTING

COMPANY NAME:	ClearSource Financial Consulting
MAILING ADDRESS:	7960 B Soquel Drive, Suite 363, Aptos, CA 95003
WEB:	www.clearsourcefinancial.com
CONTACT NAME:	Terry Madsen, President and Principal Consultant
PHONE NUMBER:	831.288.0608
EMAIL ADDRESS:	tmadsen@clearsourcefinancial.com

COST PROPOSAL

CONSULTING FEE

Maximum Not to Exceed Price

For the complete Citywide Fee Study and Cost Allocation Plan, ClearSource presents the following fee:

- **Total Project: $88,880**

This total fee is based on the ClearSource-Harris consulting team's careful review of the City's existing Master Fee Schedule, noting the breadth of direct, fee-related services and potential impact fees that may fall under review in this effort. Our proposal ensures that all user and regulatory and noted impact fees eligible for the methodology can be analyzed without shortcuts or explanations for non-analysis.

This fee includes all direct and indirect costs associated with our professional labor, as well as applicable direct expenses for the project.

Components of the Maximum Price

Exhibit 1 on the following page illustrates the detail behind our presented maximum price for the project. This includes labor time paired with hourly rates and expenses by task described in the work plan in our separate technical proposal.

Following this detail, the total fee for the City's entire scope of services is broken down into the following components:

- Cost Allocation Plan: **$10,500**
- Citywide Fee Study, including user/regulatory fees and development impact fees: **$78,380**

Manner of Payment

ClearSource will issue monthly progress reports to the City. Accompanying invoices will be based on hours recorded to the project, with final invoice not submitted until work is completed as scoped in our separate technical proposal. Total invoices will not exceed the maximum price presented here.

Optional Annual Updates

Should the City choose to engage our consulting team for any updating tasks in a subsequent year, the following consulting fees are estimated:

- Subsequent Update to the Cost Allocation Plan: $7,800
- Interim Update to the Master User/Regulatory Fee Schedule: $10,500
- Annual ENR Update to Impact Fees: $2,920
- Impact Fee Annual Report Update: $7,800
- Comprehensive Impact Fee Update: $24,700

The above listed fees would only apply should the City choose to proceed with updates after the comprehensive study performed in 2019-2020.

COST PROPOSAL

FIGURE 1 |PROJECT FEE DETAIL

Project Element and Major Task	ClearSource Labor				Harris Labor			Total Project	
	Proj. Mgr. Principal	Senior Cons.	Senior Cons.	Senior Analyst	Proj. Mgr.	Senior Analyst	Engineer/ Analyst	Professional Labor	Consulting Fee
	Madsen	Hahn	Schroeder	Jones	Bowley	Kral	Various		
Professional Hourly Rates:	$150	$150	$150	$150	$260	$190	$140		
Cost Allocation Plan									
1 | Study Orientation	4	0	0	0	0	0	0	4	$ 600
2 | Development of Critical Inputs	1	0	4	3	0	0	0	8	$ 1,200
3 | Cost Allocation Model (Full and Federal)	4	10	16	6	0	0	0	36	$ 5,400
4 | Reporting and Deliverable Tools	2	6	6	0	0	0	0	14	$ 2,100
5 | Engagement	8	0	0	0	0	0	0	8	$ 1,200
Subtotal Fee for Single Element	19	16	26	9	0	0	0	70	$ 10,500
Citywide Fee Study									
1 | Study Orientation	10	0	0	0	6	3	4	23	$ 4,190
2 | Development of Critical Inputs	16	0	6	2	8	8	20	60	$ 10,000
3 | Cost of Service Analysis	36	10	24	4	0	0	0	74	$ 11,100
4 | Cost Recovery, Fee, and Impact Analysis	24	10	12	2	0	0	0	48	$ 7,200
5 | Impact Fee Analysis	0	0	0	0	16	10	60	86	$ 14,460
6 | Reporting and Deliverable Tools	10	4	4	0	18	10	68	114	$ 18,800
7 | Engagement	16	0	0	0	18	13	22	69	$ 12,630
Subtotal Fee for Single Element	112	24	46	8	66	44	174	474	$ 78,380
Grand Total Not to Exceed Fee for All Elements	131	40	72	17	66	44	174	544	$ 88,880

FEE SCHEDULE

Initial Study

Task	Description	Hourly Fee (if on a time basis)	No. of Hours	Total Fee/Cap
1	Full Cost Allocation Plan	Various	70	$10,500.00
2	Citywide Fee Study	Various	474	$78,380.00
	TOTAL	Various	544	$88,880.00

Subsequent Study Updates

Task	Description	Hourly Fee (if on a time basis)	No. of Hours	Total Fee/Cap
1	Full Cost Allocation Plan	Various	52	$7,800.00
2	Citywide Fee Study	Various	Varies, Based on Approach	Varies, Based on Approach
Please refer to separate Technical and Cost Proposals for Discussion of Alternatives	TOTAL	Various	Varies, Based on Approach	Varies, Based on Approach

All originals of plans, field notes, data and calculations, reports, electronic files, etc., will be turned over to the City upon completion of work. Ten percent (10%) of the total contract fee will be withheld under final project documents are submitted to the City.

Contract Changes

Any change in the scope of work resulting in a contract increase or decrease in fee shall be approved by the City in writing prior to commencement of any change in work. No fee adjustment will be allowed unless said prior approval is authorized exclusively in writing by the City, without exception.

EXHIBIT D

CERTIFICATES OF INSURANCE

EXHIBIT E

CITY COUNCIL POLICY 100-5

CITY OF COSTA MESA, CALIFORNIA

COUNCIL POLICY

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	1 of 3

BACKGROUND

Under the Federal Drug-Free Workplace Act of 1988, passed as part of omnibus drug legislation enacted November 18, 1988, contractors and grantees of Federal funds must certify that they will provide drug-free workplaces. At the present time, the City of Costa Mesa, as a sub-grantee of Federal funds under a variety of programs, is required to abide by this Act. The City Council has expressed its support of the national effort to eradicate drug abuse through the creation of a Substance Abuse Committee, institution of a City-wide D.A.R.E. program in all local schools and other activities in support of a drug-free community. This policy is intended to extend that effort to contractors and grantees of the City of Costa Mesa in the elimination of dangerous drugs in the workplace.

PURPOSE

It is the purpose of this Policy to:

1. Clearly state the City of Costa Mesa's commitment to a drug-free society.

2. Set forth guidelines to ensure that public, private, and nonprofit organizations receiving funds from the City of Costa Mesa share the commitment to a drug-free workplace.

POLICY

The City Manager, under direction by the City Council, shall take the necessary steps to see that the following provisions are included in all contracts and agreements entered into by the City of Costa Mesa involving the disbursement of funds.

1. Contractor or Sub-grantee hereby certifies that it will provide a drug-free workplace by:

   A. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in Contractor's and/or sub-grantee's workplace, specifically the job site or location included in this contract, and specifying the actions that will be taken against the employees for violation of such prohibition;

   B. Establishing a Drug-Free Awareness Program to inform employees about:

1. The dangers of drug abuse in the workplace;

2. Contractor's and/or sub-grantee's policy of maintaining a drug-free workplace;

3. Any available drug counseling, rehabilitation and employee assistance programs; and

4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

C. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by subparagraph A;

D. Notifying the employee in the statement required by subparagraph 1 A that, as a condition of employment under the contract, the employee will:

1. Abide by the terms of the statement; and

2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;

E. Notifying the City of Costa Mesa within ten (10) days after receiving notice under subparagraph 1 D 2 from an employee or otherwise receiving the actual notice of such conviction;

F. Taking one of the following actions within thirty (30) days of receiving notice under subparagraph 1 D 2 with respect to an employee who is so convicted:

1. Taking appropriate personnel action against such an employee, up to and including termination; or

2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health agency, law enforcement, or other appropriate agency;

G. Making a good faith effort to maintain a drug-free workplace through implementation of subparagraphs 1 A through 1 F, inclusive.

2. Contractor and/or sub-grantee shall be deemed to be in violation of this Policy if the City of Costa Mesa determines that:

   a. Contractor and/or sub-grantee has made a false certification under paragraph 1 above;

   b. Contractor and/or sub-grantee has violated the certification by failing to carry out the requirements of subparagraphs 1 A through 1 G above;

   c. Such number of employees of Contractor and/or sub-grantee have been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the contractor and/or sub-grantee has failed to make a good faith effort to provide a drug-free workplace.

3. Should any contractor and/or sub-grantee be deemed to be in violation of this Policy pursuant to the provisions of 2 A, B, and C, a suspension, termination or debarment proceeding subject to applicable Federal, State, and local laws shall be conducted. Upon issuance of any final decision under this section requiring debarment of a contractor and/or sub-grantee, the contractor and/or sub-grantee shall be ineligible for award of any contract, agreement or grant from the City of Costa Mesa for a period specified in the decision, not to exceed five (5) years. Upon issuance of any final decision recommending against debarment of the contractor and/or sub-grantee, the contractor and/or sub-grantee shall be eligible for compensation as provided by law.