

CITY OF MENIFEE

PROFESSIONAL SERVICES AGREEMENT

CITY OF MENIFEE COST ALLOCATION PLAN, CITYWIDE USER FEE STUDY, AND DEVELOPMENT IMPACT FEE (DIF) STUDY UPDATE

THIS PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is made and effective this ____ day of _____, 2021 (“Effective Date”) by and between the CITY OF MENIFEE, a California municipal corporation, (“City”) and **MATRIX CONSULTING GROUP**, a California Corporation (“Consultant”). City and Consultant may sometimes herein be referred to individually as a “Party” and collectively as the “Parties.”

SECTION 1. SERVICES.

Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in the Scope of Services, attached hereto as Exhibit A and incorporated herein by this reference (the “Services”). Consultant will perform subsequent task orders as requested by the Contract Administrator (as defined below), in accordance with the Scope of Services. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, this Agreement shall prevail.

1.1 Term of Services. The term of this Agreement shall begin on **June 16, 2021** and shall end on **June 30, 2022** unless the term of this Agreement is otherwise terminated or extended as provided for in Section 8. The time provided to Consultant to complete the Services required by this Agreement shall not affect City’s right to terminate this Agreement, as provided for in Section 8.

1.2 Standard of Performance. Consultant represents and warrants that Consultant is a provider of first class work and services and Consultant is experienced in performing the Services contemplated herein and, in light of such status and experience, Consultant shall perform the Services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices its profession and to the sole satisfaction of the Contract Administrator.

1.3 Assignment of Personnel. Consultant shall assign only competent personnel to perform the Services pursuant to Agreement. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Consultant shall, immediately upon receiving notice from City of such desire of City, reassign such person or persons.

1.4 Time. Consultant shall devote such time to the performance of the Services pursuant to this Agreement as may be reasonably necessary to satisfy Consultant’s obligations hereunder.

1.5 Authorization to Perform Services. Consultant is not authorized to perform any of the Services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

1.6 Covid-19 Safety. If Consultant enters City property or meets in person with City employees during the performance of the Services, Consultant shall comply with all State, County, and local emergency orders, directives, protocols, and best practices related to the COVID-19 pandemic, including, but not limited to: (A) wearing facial coverings, (B) maintaining adequate physical distancing when possible, (C) regular hand washing, and (D) regular hand sanitizing.

SECTION 2. COMPENSATION.

City hereby agrees to pay Consultant a sum not to exceed **EIGHTY EIGHT THOUSAND DOLLARS AND ZERO CENTS (\$88,000.00)** notwithstanding any contrary indications that may be contained in Consultant's proposal, for the Services to be performed and reimbursable costs incurred under this Agreement. In the event of a conflict between this Agreement and Exhibit A, regarding the amount of compensation, this Agreement shall prevail. City shall pay Consultant for the Services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from City to Consultant for the Services rendered pursuant to this Agreement. Consultant shall submit all invoices to City in the manner specified herein. Except as specifically authorized in advance by City, Consultant shall not bill City for duplicate services performed by more than one person.

2.1 Invoices. Consultant shall submit invoices monthly during the term of this Agreement, based on the cost for the Services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- a. Serial identifications of progress bills; i.e., Progress Bill No. 1 for the first invoice, etc.;
- b. The beginning and ending dates of the billing period;
- c. A "Task Summary" containing the original contract amount, the amount of prior billings, the total due this period, the balance available under this Agreement, and the percentage of completion;
- d. At City's option, for each item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person performing the Services, the hours spent by each person, a brief description of the Services, and each reimbursable expense;
- e. The total number of hours of work performed under this Agreement by Consultant and each employee, agent, and subcontractor of Consultant performing the Services hereunder necessary to complete the Services described in Exhibit A;
- f. Receipts for expenses to be reimbursed;
- g. The Consultant Representative's signature.

Invoices shall be submitted to:

City of Menifee
Attn: Accounts Payable
29844 Haun Road
Menifee, CA 92586

2.2 Monthly Payment. City shall make monthly payments, based on invoices received, for the Services satisfactorily performed, and for authorized reimbursable costs incurred. City shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Consultant.

2.3 Final Payment. City shall pay the last five percent (5%) of the total amount due pursuant to this Agreement within sixty (60) days after completion of the Services and submittal to City of a final invoice, if all of the Services required have been satisfactorily performed.

2.4 Total Payment. City shall not pay any additional sum for any expense or cost whatsoever incurred by Consultant in rendering the Services pursuant to this Agreement. City shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entirety of the Services performed pursuant to this Agreement, unless this Agreement is modified in writing prior to the submission of such an invoice.

2.5 Hourly Fees. Fees for the Services performed by Consultant on an hourly basis shall not exceed the amounts shown on the fee schedule included with Exhibit A.

2.6 Reimbursable Expenses. Reimbursable expenses are included within the maximum amount of this Agreement.

2.7 Payment of Taxes. Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any federal or state taxes.

2.8 Payment upon Termination. In the event that City or Consultant terminates this Agreement pursuant to Section 8, City shall compensate Consultant for all outstanding costs and reimbursable expenses incurred for Services satisfactorily completed and for reimbursable expenses as of the date of written notice of termination. Consultant shall maintain adequate logs and timesheets in order to verify costs and reimbursable expenses incurred to that date.

SECTION 3. FACILITIES AND EQUIPMENT.

Except as otherwise provided, Consultant shall, at its sole cost and expense, provide all facilities and equipment necessary to perform the services required by this Agreement. City shall make available to Consultant only physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Consultant's use while consulting with City employees and reviewing records and the information in possession of City. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of City. In no event shall City be

required to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

SECTION 4. INSURANCE REQUIREMENTS.

Before beginning any work under this Agreement, Consultant, at its own cost and expense, shall procure the types and amounts of insurance checked below and provide Certificates of Insurance, indicating that Consultant has obtained or currently maintains insurance that meets the requirements of this section and which is satisfactory, in all respects, to City. Consultant shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in Consultant's compensation. Consultant shall not allow any subcontractor, consultant or other agent to commence work on any subcontract until Consultant has obtained all insurance required herein for the subcontractor(s) and provided evidence thereof to City. Verification of the required insurance shall be submitted and made part of this Agreement prior to execution. Consultant acknowledges the insurance policy must cover inter-insured suits between City and other Insureds.

4.1 Workers' Compensation. Consultant shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant pursuant to the provisions of the California Labor Code. Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided with limits of not less than ONE MILLION DOLLARS (\$1,000,000.00) per accident, ONE MILLION DOLLARS (\$1,000,000.00) disease per employee, and ONE MILLION DOLLARS (\$1,000,000.00) disease per policy. In the alternative, Consultant may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. Determination of whether a self-insurance program meets the standards of the California Labor Code shall be solely in the discretion of the Contract Administrator. The insurer, if insurance is provided, or Consultant, if a program of self-insurance is provided, shall waive all rights of subrogation against City and its officers, officials, employees, and authorized volunteers for loss arising from the Services performed under this Agreement.

4.2 Commercial General and Automobile Liability Insurance.

a. General requirements. Consultant, at its own cost and expense, shall maintain commercial general and automobile liability insurance for the term of this Agreement in an amount not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence, combined single limit coverage, for risks associated with the Services contemplated by this Agreement, TWO MILLION DOLLARS (\$2,000,000.00) general aggregate, and TWO MILLION DOLLARS (\$2,000,000.00) products/completed operations aggregate. If a Commercial General Liability Insurance or an Automobile Liability Insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Services to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and

damage to property resulting from the Services contemplated under this Agreement, including the use of hired, owned, and non-owned automobiles.

b. Minimum scope of coverage. Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 Code 2, 8, and 9. No endorsement shall be attached limiting the coverage.

c. Additional requirements. Each of the following shall be included in the insurance coverage or added as a certified endorsement to the policy:

a. The insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.

b. Any failure of Consultant to comply with reporting provisions of the policy shall not affect coverage provided to City and its officers, employees, agents, and volunteers.

4.3 Professional Liability Insurance.

a. General requirements. Consultant, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for licensed professionals performing the Services pursuant to this Agreement in an amount not less than ONE MILLION DOLLARS (\$1,000,000) covering the licensed professionals' errors and omissions. Any deductible or self-insured retention shall be shown on the Certificate. If the deductible or self-insured retention exceeds TWENTY-FIVE THOUSAND DOLLARS (\$25,000), it must be approved by City.

b. Claims-made limitations. The following provisions shall apply if the professional liability coverage is written on a claims-made form:

a. The retroactive date of the policy must be shown and must be no later than the commencement of the Services.

b. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after the expiration or termination of this Agreement or completion of the Services, so long as commercially available at reasonable rates.

c. If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the Effective Date of this Agreement, Consultant must provide extended reporting coverage for a minimum of five (5) years after the expiration or termination of this Agreement or the completion of the Services. Such continuation coverage may be provided by one of the following: (1) renewal of the existing policy; (2) an extended reporting period endorsement; or (3) replacement insurance with a retroactive date no later than the commencement of the Services under this Agreement. City shall have the

right to exercise, at Consultant's sole cost and expense, any extended reporting provisions of the policy, if Consultant cancels or does not renew the coverage.

d. A copy of the claim reporting requirements must be submitted to City prior to the commencement of the Services under this Agreement.

4.4 All Policies Requirements.

a. Acceptability of insurers. All insurance required by this Section is to be placed with insurers with a Bests' rating of no less than A:VII and admitted in California.

b. Verification of coverage. Prior to beginning the Services under this Agreement, Consultant shall furnish City with Certificates of Insurance, additional insured endorsement or policy language granting additional insured status complete certified copies of all policies, including complete certified copies of all endorsements. All copies of policies and certified endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf. The Certificate of Insurance must include the following reference: **CITY OF MENIFEE COST ALLOCATION PLAN, CITYWIDE USER FEE STUDY, AND DEVELOPMENT IMPACT FEE (DIF) STUDY UPDATE.** The name and address for Additional Insured endorsements, Certificates of Insurance and Notice of Cancellation is: City of Menifee, 29844 Haun Road, Menifee, CA 92586. City must be endorsed as an additional insured for liability arising out of ongoing and completed operations by or on behalf of Consultant.

c. Notice of Reduction in or Cancellation of Coverage. Consultant shall provide written notice to City within ten (10) working days if: (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; or (3) the deductible or self insured retention is increased.

d. Additional insured; primary insurance. City and its officers, employees, agents, and authorized volunteers shall be covered as additional insureds with respect to each of the following: liability arising out of the Services performed by or on behalf of Consultant, including the insured's general supervision of Consultant; products and completed operations of Consultant, as applicable; premises owned, occupied, or used by Consultant; and automobiles owned, leased, or used by Consultant in the course of providing the Services pursuant to this Agreement. The coverage shall contain no special limitations on the scope of protection afforded to City or its officers, employees, agents, or authorized volunteers. The insurance provided to City as an additional insured must apply on a primary and non-contributory basis with respect to any insurance or self-insurance program maintained by City. Additional insured status shall continue for one (1) year after the expiration or termination of this Agreement or completion of the Services.

A certified endorsement must be attached to all policies stating that coverage is primary insurance with respect to City and its officers, officials, employees, and volunteers, and that no insurance or self-insurance maintained by City shall be called upon to contribute to a loss under the coverage.

e. Deductibles and Self-insured Retentions. Consultant shall obtain the written approval of City for the self-insured retentions and deductibles before beginning any of the Services.

During the term of this Agreement, only upon the prior express written authorization of the Contract Administrator, Consultant may increase such deductibles or self-insured retentions with respect to City, its officers, employees, agents, and volunteers. The Contract Administrator may condition approval of an increase in deductible or self-insured retention levels with a requirement that Consultant procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses that is satisfactory in all respects to each of them.

f. Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

g. Variation. The Contract Administrator may, but is not required to, approve in writing a variation in the foregoing insurance requirements, upon a determination that the coverage, scope, limits, and forms of such insurance are either not commercially available, or that City's interests are otherwise fully protected.

4.5 Remedies. In addition to any other remedies at law or equity City may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, City may, at its sole option, exercise any of the following remedies, which are alternatives to other remedies City may have and are not the exclusive remedy for Consultant's breach:

- a. Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under this Agreement;
- b. Order Consultant to stop work under this Agreement or withhold any payment that becomes due to Consultant hereunder, or both stop work and withhold any payment, until Consultant demonstrates compliance with the requirements hereof; and/or
- c. Terminate this Agreement.

SECTION 5. INDEMNIFICATION.

5.1 Indemnification for Professional Liability. Where the law establishes a professional standard of care for performance of the Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend (with counsel selected by City), and hold harmless City and any and all of its officers, employees, officials, volunteers, and agents from and against any and all claims, losses, costs, damages, expenses, liabilities, liens, actions, causes of action (whether in tort, contract, under statute, at law, in equity, or otherwise) charges, awards, assessments, fines, or penalties of any kind (including reasonable consultant and expert fees and expenses of investigation, costs of whatever kind and nature and, if Consultant fails to provide a defense for City, the legal costs of counsel retained by City) and any judgment (collectively, "Claims") to the extent same are caused in whole or in part by any negligent or wrongful act, error, or omission of Consultant, its officers, agents, employees, or subcontractors (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement.

5.2 Indemnification for Other than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, protect, defend (with counsel selected by City), and hold harmless City, and any and all of its officers, employees, officials, volunteers, and agents from and against any and all Claims, where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

5.3 Limitation of Indemnification. The provisions of this Section 5 do not apply to claims occurring as a result of City's sole or active negligence. The provisions of this Section 5 shall not release City from liability arising from gross negligence or willful acts or omissions of City or any and all of its officers, officials, employees, and agents acting in an official capacity.

SECTION 6. STATUS OF CONSULTANT.

6.1 Independent Contractor. At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of City. City shall have the right to control Consultant only insofar as the results of the Services rendered pursuant to this Agreement and assignment of personnel pursuant to Subparagraph 1.3; however, otherwise City shall not have the right to control the means by which Consultant accomplishes the Services rendered pursuant to this Agreement. The personnel performing the Services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents is in any manner officers, officials, employees, or agents of City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner. Except for the fees paid to Consultant as provided in this Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing the Services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing the Services hereunder. Notwithstanding any other City, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in the California Public Employees Retirement System ("PERS") as an employee of City and entitlement to any contribution to be paid by City for employer contributions and/or employee contributions for PERS benefits.

SECTION 7. LEGAL REQUIREMENTS.

7.1 Governing Law. The laws of the State of California shall govern this Agreement.

7.2 Compliance with Applicable Laws. Consultant and any subcontractor shall comply with all applicable local, state, and federal laws and regulations applicable to the performance of the work hereunder. Consultant shall not hire or employ any person to perform work within City or allow any person to perform the Services required under this Agreement unless such person is properly documented and legally entitled to be employed within the United States. Any and all work subject to prevailing wages, as determined by the Director of Industrial Relations of the State

of California, will be the minimum paid to all laborers, including Consultant's employee and subcontractors. It is understood that it is the responsibility of Consultant to determine the correct scale. The State Prevailing Wage Rates may be obtained from the California Department of Industrial Relations ("DIR") pursuant to California Public Utilities Code, Sections 465, 466, and 467 by calling 415-703-4774. Appropriate records demonstrating compliance with such requirement shall be maintained in a safe and secure location at all times, and readily available at City's request. Consultant shall indemnify, defend, and hold City and its elected and appointed boards, members, officials, officers, agents, representatives, employees, and volunteers harmless from and against any liability, loss, damage, cost or expenses (including but not limited to reasonable attorneys' fees, expert witness fees, court costs, and costs incurred related to any inquiries or proceedings) arising from or related to (i) the noncompliance by Consultant or any party performing the Services of any applicable local, state, and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, the requirement to pay state prevailing wages and hire apprentices); (ii) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (iii) failure by Consultant or any party performing the Services to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the Parties that, in connection with performance of the Services, including, without limitation, any and all public works (as defined by applicable law), Consultant shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. Consultant acknowledges and agrees that it shall be independently responsible for reviewing the applicable laws and regulations and effectuating compliance with such laws. Consultant shall require the same of all subcontractors.

7.3 Licenses and Permits. Consultant represents and warrants to City that Consultant and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to practice their respective professions. Consultant represents and warrants to City that Consultant and its employees, agents, and subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Consultant and any subcontractors shall obtain and maintain during the term of this Agreement valid Business Licenses from City.

SECTION 8. TERMINATION AND MODIFICATION.

8.1 Termination. City may cancel this Agreement at any time and without cause upon written notification to Consultant.

8.2 Termination by Consultant. Consultant may cancel this Agreement upon 30 days' written notice to City.

8.3 Consequences of Termination. In the event of termination, Consultant shall be entitled to compensation for the Services performed up to the date of termination; City, however, may condition payment of such compensation upon Consultant delivering to City any or all documents, photographs, computer software, video and audio tapes, and other materials provided to Consultant or prepared by or for Consultant or City in connection with this Agreement.

8.4 Extension. City may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Consultant understands and agrees that, if City grants such an extension, City shall have no obligation to provide Consultant with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the Contract Administrator, City shall have no obligation to reimburse Consultant for any otherwise reimbursable expenses incurred during the extension period.

8.5 Amendments. The Parties may amend this Agreement only by a writing signed by all the Parties.

8.6 Assignment and Subcontracting. City and Consultant recognize and agree that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to City for entering into this Agreement was and is the professional reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in Consultant's proposal, without prior written approval of the Contract Administrator. In the event that key personnel leave Consultant's employ, Consultant shall notify City immediately.

8.7 Survival. All obligations arising prior to the expiration or termination of this Agreement and all provisions of this Agreement allocating liability between City and Consultant shall survive the expiration or termination of this Agreement.

8.8 Options upon Breach by Consultant. If Consultant materially breaches any of the terms of this Agreement, City's remedies shall include, but not be limited to, any or all of the following:

- a. Immediately terminate this Agreement;
- b. Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;
- c. Retain a different consultant to complete the Services described in Exhibit A; and/or
- d. Charge Consultant the difference between the cost to complete the Services described in Exhibit A that is unfinished at the time of breach and the amount that City would have paid Consultant pursuant to Section 2 if Consultant had completed the Services.

SECTION 9. KEEPING AND STATUS OF RECORDS.

9.1 Records Created as Part of Consultant's Performance. All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form that Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of City. Consultant hereby agrees to deliver those documents to City upon the expiration or termination of this Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for City and are not necessarily suitable for any future or other use. Any use of such documents for other projects by City shall be without liability to Consultant. City and Consultant agree that, until final approval by City, all data, plans, specifications, reports, and other documents are confidential and will not be released to third parties without prior written consent of both Parties unless required by law.

9.2 Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, rights of reproduction, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, test data, survey results, models, renderings, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings, digital renderings, or data stored digitally, magnetically, or in any other medium, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents and Data"). Consultant shall require all subcontractors to agree in writing that City is granted a non-exclusive and perpetual license for any Documents and Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents and Data. Consultant makes no such representation and warranty in regard to Documents and Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

9.3 Consultant's Books and Records. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for the Services or expenditures and disbursements charged to City under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to Consultant under this Agreement. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible.

9.4 Inspection and Audit of Records. Any records or documents that Section 9.3 of this Agreement requires Consultant to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of City. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds TEN THOUSAND DOLLARS (\$10,000.00), this Agreement shall be subject to the examination and audit of the State Auditor, at the request of City or as part of any audit of City, for a period of three (3) years after final payment under this Agreement.

SECTION 10. MISCELLANEOUS PROVISIONS.

10.1 Attorneys' Fees. If either Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees and expenses including costs, in addition to any other relief to which that Party may be entitled; provided, however, that the attorneys' fees awarded pursuant to this Section shall not exceed the hourly rate paid by City for legal services multiplied by the reasonable number of hours spent by the prevailing Party in the conduct of the litigation. The court may set such fees in the same action or in a separate action brought for that purpose.

10.2 Applicable Law; Venue. The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement. In the event that either Party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in Riverside County.

10.3 Severability. If any provision of this Agreement is held invalid, the remainder of this Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

10.4 Section Headings and Subheadings. The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

10.5 No Implied Waiver of Breach. The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

10.6 Successors and Assigns. The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.

10.7 Consultant Representative. All matters under this Agreement shall be handled for Consultant by Courtney Ramos ("Consultant's Representative"). The Consultant's Representative shall have full authority to represent and act on behalf of Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

10.8 City Contract Administration. This Agreement shall be administered by a City employee, Wendy Preece, Deputy Finance Director ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his designee. The Contract Administrator shall have the power to act on behalf of City for all purposes under this Agreement. Unless otherwise provided in this Agreement, Consultant shall not accept direction or orders from any person other than the Contract Administrator or his designee.

10.9 Notices. Any written notice to Consultant shall be sent to:

MATRIX CONSULTING GROUP
Attn: Courtney Ramos
1650 S. Amphlett Blvd., Suite 213
San Mateo, CA 94402

Any written notice to City shall be sent to the Contract Administrator at:

City of Menifee
29844 Haun Road
Menifee, CA 92586
Attn: Wendy Preece, Deputy Finance Director

with a copy to:

City Clerk
City of Menifee
29844 Haun Road
Menifee, CA 92586

10.10 Professional Seal. Where applicable in the determination of the Contract Administrator, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation. The stamp/seal shall be in a block entitled “Seal and Signature of Registered Professional with report/design responsibility,” as in the following example.

Seal and Signature of Registered Professional with report/design responsibility.

10.11 Rights and Remedies. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

10.12 Integration. This Agreement, including the scope of services attached hereto and incorporated herein as Exhibit A, represents the entire and integrated agreement between City and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

10.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

10.14 Execution of Contract. The persons executing this Agreement on behalf of each of the Parties hereto represent and warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) that entering into this Agreement does not violate any provision of any other Agreement to which said Party is bound.

10.15 Nondiscrimination. Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that in the performance of this Agreement there shall be no discrimination against or segregation of, any person or group of persons on account of any impermissible classification including, but not limited to, race, color, creed, religion, sex, marital status, sexual orientation, national origin, or ancestry.

10.16 No Third Party Beneficiaries. With the exception of the specific provisions set forth in this Agreement, there are no intended third-party beneficiaries under this Agreement and no such other third parties shall have any rights or obligations hereunder.

10.17 Nonliability of City Officers and Employees. No officer, official, employee, agent, representative, or volunteer of City shall be personally liable to Consultant, or any successor in interest, in the event of any default or breach by City or for any amount which may become due to Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

10.18 No Undue Influence. Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of City shall receive compensation, directly or indirectly, from Consultant, or from any officer, employee, or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement.

10.19 No Benefit to Arise to City Employees. No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or has responsibilities with respect to this Agreement during his/her tenure or for one (1) year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for the Services to be performed under this Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties hereto have executed and entered into this Agreement as of the Effective Date.

CITY OF MENIFEE

CONSULTANT

Armando G. Villa, City Manager

Richard Brady, President

Attest:

Sarah A. Manwaring, City Clerk

Courtney Ramos, Vice President

Approved as to Form:

[Note: 2 officer's signatures required if
Consultant is a corporation, unless provided
with a certificate of secretary in-lieu]

Jeffrey T. Melching, City Attorney

EXHIBIT A
SCOPE OF SERVICES

Services shall include comprehensive Cost Allocation Plan, Citywide User Fee Study, and Development Impact Fee (DIF) Study Review/Update in an amount not to exceed **EIGHTY EIGHT THOUSAND DOLLARS AND ZERO CENTS (\$88,000.00)** and as further detailed in the following page(s).

2 Detailed Work Plan and Tentative Project Schedule

The City of Menifee is looking to develop a Cost Allocation Plan, Citywide User Fee Study, and Development Impact Fee Study Review / Update. These scopes of work will allow the City to accurately account for the full cost of providing fee and non-fee related services, identify areas where services are currently being subsidized, and outline options for increased cost recovery. The following points provide an overview of the scope of work desired by the City.

- The development of a **Cost Allocation Plan** will identify indirect costs associated with all city funds, departments, and services; while an optional **OMB Compliant Cost Allocation Plan** will help justify reimbursements from federal and state grants.
- A **Citywide User Fee Study** will document direct and indirect costs associated with fee-based services, and ensure fees are in compliance prop 218 & 26, as well as other guidelines governing fee amounts.
- The review of the most recent **Development Impact Fee Study** will ensure that current impact assumptions are still valid and accurate, and that fees are in compliance with AB1600.
- In addition to these studies, the City would also like to have electronic models which will allow City staff to update the results of the Cost Allocation Plan and Citywide User Fee Study as needed, should expenditures, staffing, or other assumptions change.

The results of these studies will provide the City with the knowledge and tools to ensure that current cost recovery practices are compliant with local and state laws, and develop cost recovery strategies that balance the needs of the General Fund against subsidies to promote growth and development.

The following sections provide an overview of detailed task plan for each scope of work and proposed project schedule.

4 Full Cost Allocation Plan Scope of Work

A Full Cost Allocation Plan is based upon budgeted expenditures for the fiscal year and is primarily used by jurisdictions to justify transfers from enterprise funds such as Water to the General Fund. Additionally, the results of this plan can also be included in User Fee Studies to ensure accurate accounting of indirect costs. The following tasks outline our process for conducting this scope of work.

Task 1 | Data Collection and Project Schedule

Prior to our initial on-site meeting, the Matrix Consulting Group will provide the City with a list of initial data requirements for the study and proposed project schedule. This will allow our project team to review this information thoroughly in preparation for initial discussions with staff. A common list of data collection items include:

- Budgeted expenditures on a fund, department, division, and line-item basis.
- Copy of prior cost allocation plan(s) and supporting documentation.
- List of all budgeted personnel by fund, department, and division.

The second component of the memo is a weekly proposed project schedule, which looks as follows:

Week of	Action
November 4 th	Matrix provides initial data collection list and project schedule
November 11th	City to schedule interviews with departments as needed
November 18 th	Matrix to finalize allocation units and data needed from the City
December 9th	City to supply Matrix all data
December 16 th	Matrix to complete review of data and submit to City list of additional data
December 30th	City to supply any additional needed and answers to any questions
January 13 th	Matrix provides Draft #1 to the City for Full Cost
January 20th	Conduct review with Departments or City staff to review draft results
February 3 rd	Matrix to submit Final Full Cost Draft and OMB Draft #1
February 17th	City to submit any questions / changes to OMB Draft #1
February 24 th	Matrix to submit Final OMB Draft

The provision of these items allows our project team to familiarize themselves with the City's structure and its current cost allocation practices and provides a baseline project schedule establishing timelines and responsibilities.

Task 2 | Interview Staff and Gather Data

To structure a custom cost allocation model, our project team would perform the following:

- Review and discuss the accounting (fund and organizational levels) structure of the City based upon the audited actual expenditures and budgeted expenditures to identify any anomalies from previous years with budget office staff.
- Discuss the goals of the Cost Allocation Plan with Budget staff and Grants staff to ensure that any changes from previous years are incorporated into the current iteration of the cost plan.

- Identify and meet specific central services departments to develop allocation bases and ensure that the plan reflects the following aspects:
 - All current services provided by the Department are identified and documented within the Cost Allocation Plan.
 - Allocation bases discussed to be utilized are reflective of the current level of effort and most relatable to the service being performed.
- Discuss alternative allocation procedures, including possible outcomes and potential impacts of each method.

The points above provide examples of the types of detailed and in-depth discussions that the project team will have with City departments involved in the cost allocation process. If certain allocation statistics are not available currently, the project team will recommend the initiation of collection of those metrics for future Plans.

Task 3 | Review of Draft Cost Allocation Metrics

Based upon units of service identified in Task 2 and the allocation metrics collected, the project team would put together allocation statistic workbooks for review with specific Central Service Departments. The purpose of these workbooks is to review the initial results of the allocation metrics gathered by the project team. The following graphic shows an example of the allocation workbook:

Fund	Dept	Desc	# of AR Transactions per Fund/Dept	Allocation %
1	10	City Manager	3	0.87%
1	16	Human Resources	30	8.75%
1	20	City Attorney	30	8.75%
1	30	Police	68	19.83%
1	35	Fire	1	0.29%
1	40	Development Services	7	2.04%
1	50	Public Works Streets	5	1.46%
1	50	Public Works Facilities	1	0.29%
1	50	Public Works Community Services	185	53.94%
10		Water	1	0.29%
14		Sewer	8	2.33%
29		Self-Insured Fund Liability In	4	1.17%
			343	100.00%

In the sample graphic provided, based upon the number of AR Transactions per Fund/Department, the primary support is for Public Works Community Services (54%) for all the Parks and Recreation transactions, followed by Police (20%). Based upon the results of this sample, the project team would verify with Finance that the statistics were

allocated to the appropriate fund/department and that the resulting percentage is reflective of the support being provided by the Accounts Receivable staff and function.

This type of detailed review is critical for the development of a defensible cost allocation plan. It also ensures that departmental staff and city staff are comfortable with the use of the allocation metrics and the support that those metrics represent.

Task 4 | Structure Draft Custom Cost Allocation Model

Once the Central Service departments and administrative functional areas have agreed upon the appropriate allocation metrics for their services; allowable administrative or other indirect costs are allocated to each benefiting City department, operating unit or fund. At this point the project team would begin customizing the Cost Plan model in order to meet the City's specified needs, including:

- Ensuring methodologies and assumptions comply with Federal regulations and general accounting principles.
- Providing the ability to add or remove direct or indirect costs as future needs and programs change.

During the development of the cost allocation plan, the project team will ensure that any expenses included in the plan are vetted and reviewed with Budget staff as well as incorporate any direct reimbursements. The results of the draft custom cost allocation model will be provided to City staff in numerical format in excel prior to the development of a draft report.

Task 5 | Draft Cost Allocation Plan Report

Once the results of the flux analysis have been reviewed and approved by the Finance department, the project team will finalize the results of the Cost Plan into a formalized report. The report will include the following elements:

- Introduction to a Cost Allocation Plan and the two types of cost allocation plans, including identifying if the plan is Full Cost or OMB.
- A primer on how to read cost allocation plans.
- An organizational chart identifying the structure of the City at the time of the development of the Cost Allocation Plan.
- A detailed summary schedule outlining the total costs being allocated to each receiving fund/department by central service through the Cost Allocation Plan.

- A detailed narrative section for each central service in the plan, including the types of services it provides, what function each service represents, and the basis for allocating those services.
- Numerical results for each functional area and metric included in the model.

The purpose of this detailed draft report is to ensure that there is clear and defensible documentation for all the information included in the Cost Allocation Plan. The project team will distribute this report to the Finance Department for review. The Finance Department may distribute to other departments to ensure that the narrative language is appropriate, and all information is represented accurately.

Task 6 | Finalize the Cost Allocation Plan

Upon review and approval of the draft cost plan by central service departments and the Finance Department, the project team will finalize the Cost Allocation Plan and report. The final deliverables associated with the Cost Allocation Plan will be:

- **Cost Allocation Plan Report:** including all detailed allocation schedules, cost schedules, summary schedules, and narrative information regarding the central services included.
- **Excel Summary Schedule:** the results of the full cost allocation plan in excel format for ease of calculations, incorporation into City documents, and review for City staff.

These deliverables will allow the City to have clear documentation of the final Cost Plan developed.

Task 7 | Excel Based Model

The City wishes to have the ability to update the final version of the Cost Allocation Plan including the ability to add, revise or remove costs or service types so the study can be easily adapted as services or costs change.

Our technical models, produced in Microsoft Excel, provide the ability for the City to adapt and continuously update the study from year to year as the organization changes. While the model is structured in Excel, the technical model is *proprietary* and for internal use by City staff only. By having our model based in Excel, the requirements for software training, cost of new software products, updates, licensing or other support, would be minimized. After the final draft of the cost allocation plan is approved, at the discretion of City staff, the project team will meet with and train designated City employees on use of the model.

Staff will be provided with training that includes: a step-by-step PowerPoint presentation; a User's Manual which explains key concepts, defines basic terms, includes a customized updated checklist of data that needs to be entered, and discusses different scenario options (e.g., adding new central services, removing receivers,, etc.).

The Matrix Consulting Group is committed to supporting City staff well after project completion, including answering questions and providing model support, at no additional costs.

3 Optional OMB Compliant Cost Allocation Plan Scope of Work

Along with development of a Full Cost Allocation Plan the City is interested in developing an OMB Compliant Cost Allocation Plan. This type of plan is typically developed for the calculation of indirect cost rates for reimbursement from state and federal grants and is often a requirement when determining allocable costs for utility rates. There are two key differences between a Full Cost and OMB Plan:

4. **Expenditures Allocated:** The OMB 2 CFR Part 200 must be based upon the most recent fiscal year's audited actual expenditures.
2. **Types of Services Included:** Services such as lobbying, legislative costs (City Council), certain Treasurer costs, and one-time costs cannot be included in the OMB 2 CFR Part 200 plan.

Many of the tasks noted in the Full Cost Plan are necessary for the development of the OMB 2 CFR Part 200 Cost Plan. The following tasks represent additional tasks that are warranted for the development of an OMB 2 CFR Part 200 Cost Allocation Plan:

Task 1 | Develop Draft OMB 2 CFR Part 200 Cost Allocation Plan

Based upon units of service identified in the Full Cost Plan, the project team would begin developing the OMB Cost Plan to ensure methodologies and assumptions comply with Federal regulations and general accounting principles. This process includes the following steps:

- Collecting audited actual expenditure information for input into the cost allocation model.
- Reviewing line item detail for central services to ensure that no one-time expenditures are included, and all appropriate services are disallowed or not allocated.
- Removing any central services such as Council or Treasurer or other legislative activities from the cost plan.

The draft 2 CFR Part 225 Cost Allocation Plan will provide clear documentation regarding the basis for allocations, and the methodologies applied to achieve the plan's final result. The Draft Cost Allocation Plan will be discussed and reviewed with Finance staff.

Task 2 | Draft OMB Cost Allocation Plan Report

Once the budget department has approved the results of the OMB Cost Plan, the project team would develop a draft narrative report including all of the relevant OMB compliant documentation as well as the detailed results of the analysis. Similar to the full cost plan this report would be delivered to the Finance Department for review to ensure that there are no major concerns regarding any of the metrics as well as verbiage utilized in the report.

Task 3 | Finalize OMB 2 CFR Part 200 Cost Allocation Plan

Upon review and approval by the City's Finance department, the project team would finalize the OMB 2 CFR Part 200 Cost Allocation Plan and prepare the final report. The report and deliverables would be similar to the Cost Plan, with a detailed report outlining the metrics, narratives, and numerical results of the analysis, and a summary schedule in excel. This report would also include the calculation of indirect rates on a departmental basis as well as citywide for grant reimbursement purposes.

4 Citywide User Fee Study Scope of Work

This study aims to calculate the full (direct and indirect) cost associated with providing all fee services provided by City departments and ensure that current fees are in compliance with state (Prop 26 & 218) and local guidelines. The following tasks provide our workplan for conducting the Citywide User Fee Study.

Task 1 | Initial Documentation

The project team will provide the City with a written "Data Collection List" outlining information needed prior to our first meeting. Some of this data will be the same as the Full Cost Plan (Budget and Staffing), some typical additional requests include:

- Most recent completed Fiscal Year revenue reports for all Departments.
- List of all current fees being charged to be included in the analysis.
- List of comparative jurisdictions for the fee survey.
- Copy of any previous fee studies.

Before our first meeting, we will review this information to familiarize ourselves with

strengths, weaknesses and opportunities for improvement related to the City's existing fee structure. In addition, we will familiarize ourselves with the budgetary and staffing structures relevant to fees for service.

Task 2 | Project Initiation – Establish the City's Goals and Objectives

To effectively analyze and present the full cost of providing City services, it is important that the project team develops an understanding of key issues which impact and shape the City's service delivery and cost recovery policies. To develop this perspective and customize the structure of the project, we plan to do the following:

- Conduct an initial meeting with City management to solidify exact study scope.
- Develop a detailed project management plan, including timelines and associated deliverables.
- Conduct discussions regarding current fee structure and any potential changes.
- Review and identify existing cost recovery policies or established subsidies.

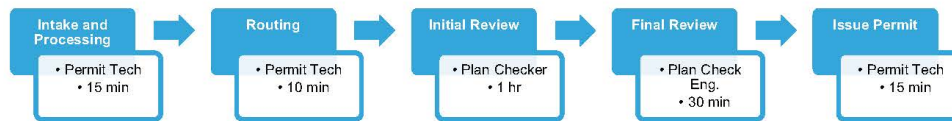
As a "fee" study, the Matrix Consulting Group does not propose to evaluate any fines, taxes, or utility rates. Based upon this meeting, the project team will provide the project management plan and schedule and begin meeting with Departments to conduct the comprehensive fee study.

Task 3 | Develop a Schedule of Current and Potential Fees for Service

The scope of this effort will be all user fees charged by the City. Current as well as potential fees and charges will be identified and documented. The project team will work with staff to go through their current fee schedules in line-item by line-item detail. Options will be discussed regarding renaming of fees, elimination of fees, or addition of new or expanded categories to better reflect the services being provided. The result of this meeting will be a revised and proposed fee structure for review by City departments.

Task 4 | Conduct Time Data Gathering Workshops

The project team will conduct workshops to gather time estimates for each service included in the study, interviewing key personnel from each department and analyzing the various activities being performed. The flowchart shows an example of the steps involved in permit processing and time associated with each step.



As the flowchart above shows, basic process steps in application/permit processing will be documented and provided in detail for each department / division represented in the study.

Task 5 | Develop Fully Burdened Hourly Rates

Based on the City's staffing and budget information, the project team will calculate fully burdened hourly rates inclusive of direct and indirect costs. The following points highlight the cost components and factors included in fully burdened rates:

- **Direct Costs:** This component accounts for salary and benefits associated with each employee or position and is reflective of staffing and salary reports provided by the City.
- **Indirect Costs - Departmental:** This component accounts for administrative and management support provided to line level staff, as well as operational services and supplies which are used in the execution of job duties. This cost component is developed through interviews with staff, as well as an analysis of supply budgets.
- **Indirect Costs - Citywide:** This component accounts for citywide support such as Finance, HR, and Attorney support provided by other city departments. This cost component is derived from the City's Cost Allocation Plan.

Once the cost components have been documented and developed, the project team will review MOU's, and talk with departmental staff to determine appropriate productive hour calculations. This reduction in available hours will ensure that fully burdened hourly rates account for leave time (holiday, vacation, and sick), as well as any meetings or trainings.

Task 6 | Perform a Total Cost Analysis

The Matrix Consulting Group's costing model is built based on the City's operations, budget detail and intended uses for the results. This method is a customized approach specific to each jurisdiction for cost analysis of user fee services. It is a "bottom-up" approach, which is the most defensible methodology for calculating user fees.

This costing method uses time and annual activity level data to establish the cost of

providing services on both a unit and annual level. Once the time spent for a fee activity is determined for each individual or position, the team uses its fee and rate software to apply the fully burdened hourly rates calculated in the previous task.

Resulting costs are presented on a unit and annual level and are compared to the existing fee schedule and revenue reports. The following graphic shows a sample presentation of results on a per unit and annual level:

Per Unit				
Fee Title	Current Fee	Total Cost Per Unit	Surplus/(Deficit) Per Unit	Cost Recovery %
Lot Line Adjustment	\$900	\$1,557	(\$657)	58%
Temporary Use Permit	\$40	\$325	(\$285)	12%
AVERAGE COST RECOVERY PER UNIT				35%
Annual				
Fee Title	Workload	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus/(Deficit)
Lot Line Adjustment	4	\$3600	\$6,228	(\$2,628)
Temporary Use Permit	60	\$2400	\$19,500	(\$17,100)
TOTAL		\$6,000	\$25,728	(\$19,728)

As the example in the graphic above indicates, the per unit subsidy for the Lot Line Adjustment at \$657 is more than double the per unit subsidy for the Temporary Use Permit. However, the annual results help provide Department management with some additional context, as due to the volume of activity, the larger impact to the Department is felt by the smaller subsidy for the Temporary Use Permit.

The City will obtain detailed information similar to that presented in the previous graphic regarding cost recovery surpluses and deficits on both a detailed (per unit) and global (annualized) level, as well as an understanding of cost components for each service.

Task 7 | Conduct a Market Rate Survey to Similar Jurisdictions

The project team will work with the City to identify jurisdictions within Riverside County or other targeted jurisdictions for the fee comparison survey. This comparative survey activity will be conducted utilizing the following steps:

- Developing fee scenarios for each department included in the study to be compared to other jurisdictions (i.e. Single Family Home 2,500 sq. ft. \$325,000).
- Graphing the results of the fee analysis for easy visual comparison purposes.
- Collecting contextual information such as population size, budget, staffing, last

time fee study was done, and last fee schedule update.

As market surveys do not provide adequate or objective information about the relationship of a jurisdiction's costs to its fees, these steps ensure we provide the City with the most amount of information as possible.

Task 8 | Review / Revise Fee Study Results

Because the analysis of fees for service is based on estimates and information provided by City staff, it is extremely important that all participants are comfortable with our methodology and with the data they have provided. Once the departments agree that the analysis reflects the reasonable costs of providing services, City management will have an opportunity to review the results.

At this point in the process, the project team will provide Departments with Recommended Fee Workbooks. The Recommended Fee Workbooks will provide departments / divisions the results of the fee study in an excel based format. The following table shows an example of the Recommended Fee Workbook:

Current - Per Unit Results				
Fee Title	Current Fee	Total Cost	Surplus/(Deficit) Per Unit	Cost Recovery %
Lot Line Adjustment	\$900	\$1,557	(\$657)	58%
Temporary Use Permit	\$40	\$325	(\$285)	12%
Recommended Fee				
Fee Title	Recommended Fee	\$ Change to Recommended Fee	% Change to Recommended Fee	Recommended Fee Cost Recovery %
Lot Line Adjustment	\$1,200	\$300	33%	77%
Temporary Use Permit	\$100	\$60	150%	31%
Recommended Fee Annual				
Fee Title	Workload	Revenue at Current Fee	Revenue at Recommended Fee	Potential Change in Revenue
Lot Line Adjustment	4	\$3,600	\$4,800	\$1,200
Temporary Use Permit	60	\$2,400	\$6,000	\$3,600
	TOTAL	\$6,000	\$10,800	\$4,800

As the table above indicates, the recommended fee workbook allows the Departments to input information into the Recommended Fee column and then see its impacts such as the dollar increase, percentage increase, and what percentage of their current costs they are going to recover. Additionally, the workbook allows the Department to calculate potential increases or declines to revenue as a result of the recommended fees.

Task 9 | Prepare a Final User Fee Study Report

Upon conclusion of the fee study, we will prepare a detailed report that summarizes the results of each of the previous work tasks described above. This report will include:

- A succinct executive summary discussing the study, methodology, and the results.
- A narrative describing the services included in the study.
- A section on proposed modifications to the current fee schedule, including removal or addition of new fees for service.
- A section on per unit and annual results for each fee included in the analysis and where workload data is available.
- A comparative survey section outlining key fees and their comparison to other local jurisdictions, as well as contextual information regarding budget, staffing, and when they last conducted fee studies.
- An appendix outlining the staff recommended fees based upon the departmental recommended workbooks.

The report will be reviewed, revised and finalized with Department and City management to ensure that all relevant components are included in the report.

Task 10 | Master Fee Schedule

Once the final user fee study report is approved, the project team will develop a master fee schedule, consolidating all fees in a singular location. The following image provides a screenshot of a master fee schedule:

Proposed Fee No.	Current Fee No.	Fee Title	Unit	Current Fee	Total Cost	Surplus / (Deficit)	Cost Recovery	Rules and Regulations	Staff Recommended Fee	Staff Recommended Cost Recovery %
6. FIRE										
Transport Fees										
6.01 F1		ALS I	Per Trip	\$2,018	\$3,075	(\$1,057)	66% User Fee		\$2,500	81%
6.02 F2		ALS II	Per Trip	\$2,018	\$3,075	(\$1,057)	66% User Fee		\$2,500	81%
6.03 F3		BLS (Emergency)	Per Trip	\$2,018	\$3,075	(\$1,057)	66% User Fee		\$2,500	81%
6.04 F4		BLS (Non-Emergency)	Per Trip	\$704	\$1,076	(\$372)	65% User Fee		\$872	81%
6.05		First Responder Fee	Per Response		\$461		User Fee		\$375	81%
6.06 F7		Mileage (All levels)	Per Mile	\$53	\$23	\$30	230% User Fee		\$23	100%
6.07 F8		Oxygen	Per Use	\$127	\$137	(\$10)	93% User Fee		\$137	100%
Fire Service Training										
6.08 F9		First-Aid / Adult CPR / AED Classes for Residents (cost of textbook and certification card)	Per Person	\$31	\$37	(\$6)	84% User Fee		\$37	100%
6.09 F10		First-Aid / CPR / AED Classes for Non-Residents	Per Person	\$106	\$37	\$69	286% User Fee		\$37	100%
6.10 F11		First-Aid / CPR Classes for SSF Businesses	Per Person	\$58	\$21	\$37	276% User Fee		\$21	100%
		Pediatric Education for Prehospital Professionals (For								

As the screenshot indicates, the master fee schedule will include a numbering system, the department name, the fee title, the unit of application, the current fee, the total cost per unit calculated through the study, the surplus / (deficit), the cost recovery, the relevant rule and regulation that applies to the fee type, the staff recommended fee, and the staff

recommended cost recovery level. This type of attachment is extremely helpful for staff as part of the staff report provided to Council upon adoption.

Task 11 | Present the Final Report to Key Stakeholders

The presentation of results to City officials and/or stakeholders is critical to the success of the overall engagement. Because the product from the study is often controversial, the objective of this final step is to present a succinct summary that provides decision makers with key information. The Matrix Consulting Group will attend and present the Study at up to two (2) Committee or Council Meetings and three (3) Local Stakeholder meetings. We believe that these number of meetings is typically sufficient to ensure that there is buy-in from the stakeholders.

Task 12 | User Fee Implementation and Staff Training

One of the goals of this analysis is to ensure that staff are trained on implementation of user fees, including the ability to update the user fees and provide a comprehensive and clear fee schedule to customers. Throughout the course of this analysis, the project team will ensure that not only departmental staff, but that the City's project manager understands the process of conducting and developing these user fee studies. At the end of this study the project team will provide the training and support to city staff as it relates to increasing fees based upon cost adjustment factors (i.e., MOU, CPI, COLA, etc.) or through hourly rate or time estimate changes.

The project team will also work with staff in each department to ensure that we develop sample fee calculation handouts, which can provide customers with an understanding of how the different components on the fee schedule are added together for their fees for service. The following table shows a fee calculation sample:

Project Type:	New Single Family Home
Project Valuation:	\$325,000
Building Plan Check Fee	\$1,575
Building Permit Fee	\$2,423
Fire Review Fee	\$750
Planning Review Fee	\$350
Engineering Review Fee	\$200
Trade Permits	\$1,100
Total User Fee	\$6,398

This type of sample calculation can help customers ensure that they are accounting for all of the different components needed for their project.

5 Development Impact Fee Study Review / Update Scope of Work

This study aims to ensure that the City's current impact fees are in compliance with the Mitigation Fee Act (AB1600) and that any proposed impact fees are reviewed, evaluated,

and proposed to be implemented if appropriate. The following tasks provide our workplan for conducting the Development Impact Fee Study.

Task 1 | Data Collection and Project Initiation

The purpose of this task is to develop an initial understanding of the City's current impact fee program. The project team will work with City staff to collect information regarding the following items:

- List of current impact fees
- Annual revenue reports on impact fees.
- Prior nexus analyses
- General Plan, Facilities Master Plan, and other Department Master Plans

Once we have collected this information, we will have a kickoff meeting with city staff to review and clarify the goals and objectives of the impact fee analysis.

Task 2 | Review of Impact Fees

The project team will review the City's current fees that fall under the umbrella of impact fees. This will include any fees identified as impact fees, mitigation fees, in-lieu fees, or nexus fees. Through this task the project team will be able to inform the City regarding any outdated nexus analyses and options to bring those impact, mitigation, and in-lieu fees into compliance. The result of this task will be a memo outlining all current impact fees, last time the study was conducted, municipal ordinances, and resolutions, revenues collected, and options to achieve compliance with the Mitigation Fee Act.

Task 3 | Assess Growth and Facilities

The project team will develop a detailed understanding of the current growth projections for the city, including evaluation of current infrastructure and service levels associated with that infrastructure. This step in the process is critical to ensure that there is still enough growth projected for impact fees.

Task 4 | Draft Impact Fee Analysis

Based upon growth projections and the prior nexus analyses, the project team will ensure that there is still a need for impact fees and conduct the appropriate update to the impact fee to account for the updated cost assumptions for infrastructure replacement or new infrastructure.

For any new or proposed impact fees, this analysis will outline the cost and growth assumptions outlined for the creation of those fees. The results of this analysis will be excel workbook(s) for each of the impact fees reviewed and evaluated.

Task 5 | Comparative Impact Fee Analysis

Similar to the user fee study comparative analysis, the project team would work with city staff to identify jurisdictions to be included for the impact fee analysis. The comparative analysis will focus on comparing fees on a per unit basis, i.e. Fire Impact Fees across jurisdictions, as well as on a scenario basis i.e., Single Family Home impact fees (all applicable fees) that are charged across jurisdictions.

This two-pronged approach to comparative analyses is critical as it relates to recommended impact fees and helps provide the city with context on not only where its individual impact fees land compared to other jurisdictions, but also what is the total impact of all fees accumulated across the different types.

Task 6 | Draft Impact Fee Report

The results of Task 4 and Task 5 would be reviewed with departmental management, finance staff, planning staff, legal department, and citywide management to ensure that all appropriate cost assumptions have been included in the calculation of impact fees.

Along with a discussion of the impact fee results in excel, the City will be provided with a draft impact fee report outlining the growth and cost assumptions, ability to meet nexus findings, the impact fees calculated, and the comparative analysis. This report will be distributed to staff to provide any comments or edits regarding verbiage or presentation of information.

Task 5 | Final Impact Fee Report and Implementation Plan

Once the Draft Impact fees have been approved by City management, the project team will develop the Final Impact Fee Report. The Final Impact Fee Report will provide the legal justification for the different development impact fees evaluated, ensuring compliance with state statutes, including its ability to meet the five findings required by the Mitigation Fee Act. The final report will also identify the best management practices associated with calculation and collection of impact fees. The project team will discuss different implementation options of impact fees and if any code changes are needed.

6 Proposed Project Schedule

Studies of this nature typically take approximately 20-24 weeks (5-6 months). The City is requesting to complete these studies within nine (9) months, which is within the projected timeline. The following table shows by task, the proposed week(s) of work and deliverable as requested by the City:

Task	Project Week(s)	Deliverable
FULL COST ALLOCATION PLAN		
Initiation & Data Collection	Weeks 1 – 2	Data Collection and Project Schedule Memo
Interview Staff and Gather Data	Weeks 2 – 4	Review of organizational changes, additional allocation metrics.
Review Allocation Metrics	Weeks 2 – 4	Review of allocation workbooks based upon changes
Structure Draft Cost Plan	Weeks 3 – 6	Draft Cost Allocation Model
Draft Cost Plan Report	Weeks 5 – 8	Draft Cost Plan Report
Finalize Full Cost Plan	Weeks 8 -11	Final Cost Plan Report
OPTIONAL - OMB COMPLIANT COST PLAN		
Structure Draft OMB Plan	Weeks 8 – 10	Draft OMB Cost Plan
Draft OMB Cost Plan	Weeks 10 – 11	Draft OMB Cost Report
Final OMB Cost Plan Report	Weeks 11 – 12	Final OMB Report
CITYWIDE USER FEE STUDY		
Initial Documentation	Weeks 2-4	Initial Data List
Project Kick-off	Weeks 2-4	Attendance at kickoff meeting, Project Schedule
Current & Potential Fees	Weeks 4-8	Attend Meetings, Provision of proposed fees
Data Workshops	Weeks 5-12	Attendance at Data Workshops, Provision of any time keeping data and workload data.
Fully Burdened Hourly Rates	Weeks 6-8	Position Based Hourly Rates Worksheet
Total Cost Analysis	Weeks 9-16	Draft Per Unit and Annual Cost Analysis Results
Comparative Survey	Weeks 7-16	Provision of list of comparative jurisdictions, Survey Results
Review/Revise Results	Weeks 14-18	Review of Draft Results, Draft Recommended Fees, Draft Policy Recommendations
Prepare Final Report	Weeks 18-20	Review of Final Report
Develop Master Fee Schedule	Weeks 20-22	Consolidated Master Fee Schedule
DEVELOPMENT IMPACT FEE REVIEW		
Data Collection	Weeks 2 – 6	Initial Data Collection List
Review of Impact Fees	Weeks 4 – 10	Review of current and potential impact fees
Growth and Facility Assessment	Weeks 6 – 12	Review of growth projections and impacts
Draft Analysis	Weeks 10 – 18	Draft options and impacts
Comparative Survey	Weeks 4 – 18	Provision of comparative survey results
Draft Report	Weeks 16 – 20	Review of draft results
Final Report and Implementation	Weeks 20 – 22	Provision of Final report

All presentations, model delivery, and staff training would happen after approval of final results, and in accordance with staff preference and schedules.

5 Cost Proposal

The following chart provides a breakdown of project staff hours and costs by tasks associated with the city's requested scope of services for a Cost Allocation Plan, Citywide User Fee Study, and Development Impact Fee Study Review / Update.

	Project Manager	Lead Analyst	Analyst	Total Cost
COST ALLOCATION PLAN				
Initiation & Data Collection	0	0	2	\$200
Interview Staff and Gather Data	0	6	6	\$1,500
Review Allocation Metrics	0	4	14	\$2,000
Structure Draft Cost Plan	0	4	16	\$2,200
Draft Cost Plan Report	0	2	4	\$700
Finalize Full Cost Plan	0	4	8	\$1,400
Model & Training	2	8	4	\$2,000
CAP Subtotal	2	28	54	\$10,000
USER FEE STUDY				
Initial Documentation	0	2	4	\$700
Project Kick-off	2	2	2	\$900
Current & Potential Fees	2	10	14	\$3,300
Data Workshops	8	20	30	\$7,600
Fully Burdened Hourly Rates	0	6	12	\$2,100
Total Cost Analysis	2	4	16	\$2,600
Comparative Survey	4	10	12	\$3,500
Review/Revise Results	4	10	14	\$3,700
Prepare Final Report	8	14	18	\$5,500
Develop Master Fee Schedule	6	8	10	\$3,400
Presentation of Results	10	10	4	\$3,900
Implementation and Training	4	8	8	\$2,800
Fee Study Subtotal	50	104	144	\$40,000
DEVELOPMENT IMPACT FEE STUDY				
Data Collection	0	4	4	\$1,000
Review of Impact Fees	8	16	10	\$5,000
Growth and Facility Assessment	8	24	16	\$6,800
Draft Analysis	12	40	20	\$10,400
Comparative Survey	0	8	16	\$2,800
Draft Report	4	16	20	\$5,200
Final Report and Implementation	8	8	10	\$3,800
Subtotal DIF	40	116	96	\$35,000
Total Hours	92	248	294	
Hourly Rate	\$200	\$150	\$100	
Total Professional Fees	\$18,400	\$37,200	\$29,400	\$85,000
Total Project Cost				\$85,000

The Matrix Consulting Group proposes to perform the tasks and services associated with a Full Cost Allocation Plan, Citywide User Fee Study, and Development Impact Fee Study Review / Update for a fixed-price not-to-exceed fee of **\$85,000**. Our typical practice is to bill for hours worked on a monthly basis and our contracts are typically set up as fixed not-to-exceed price contracts.

Along with the stated scope of work, the City is also interested in completion of an optional scope of work associated with an OMB Compliant Cost Allocation Plan. The following table provides a breakdown of tasks, project staff, hours, and cost.

	Project Manager	Lead Analyst	Analyst	Total Cost
Optional OMB CAP				
Structure Plan	2	4	4	\$1,400
Draft OMB	0	2	4	\$700
Final OMB	2	2	2	\$900
Total Hours	4	8	10	
Hourly Rate	\$200	\$150	\$100	
Total Professional Fees	\$800	\$1,200	\$1,000	\$3,000
Total Project Cost				\$3,000

Our project team members would be more than happy to meet with City Finance staff to determine if an OMB plan is necessary for the City, or if there are other options that would meet the City's needs.

Attachment A, the City's requested cost proposal form has been included in the following section.