

# EXHIBIT A

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## CONSULTANT SCOPE OF SERVICES

### Task 1: Project Commencement

To ensure the project is initiated with common goals and understanding, we will conduct a project commencement meeting with City staff members who will oversee the progress, completion, and implementation of its findings. This meeting will include a discussion of expectations, initial identification of project-specific issues, overview of the project's timeline, process, and data needs, as well as any important City policies and procedures.

To become familiar with the City's organizational structure, accounting structure, and basic financial data, we will also issue a consolidated data request to the City. Initial data requested will center on adopted budgets, recent financial performance (revenues and expenditures), current labor cost detail and classifications, organizational structures, existing relevant policies, current General Plan and other master plan documents, and other items of a more global nature.

### Task 2: Cost Allocation Plan

The following detailed work plan is for completion of a Cost Allocation Plan (Plan). Per the RFP, NBS will provide two versions of the Plan: a "Full Cost" plan, as well as a Title 2 compliant plan for use in reimbursement of costs from State and/or Federal grants.

#### TASK 2.1: INDIRECT COST CENTERS AND ALLOCATION FACTORS

Upon initiation of this project element, we will work closely with the City's finance staff to ensure that the Plan meets the City's specific needs. For example, we will discuss:

- How the Plan impacts any existing enterprise fund budgets and/or general fund budgets.
- The degree of complexity the City desires for the Plan in terms of the number of factors utilized to allocate costs, which depends greatly on data available and the City's capacity to track and update various data metrics over time.
- The intended use of the Plan for application in budget and accounting practices, development of hourly rates, reimbursement of costs from external agencies and/or grants.

We will review the City's existing Cost Allocation Plan and central chart of accounts and confirm the list of indirect (overhead) cost centers to be included in the Plan.

#### TASK 2.2: DRAFT OF OUTCOMES

We will review the line-item expenditure detail for each indirect cost center that is selected for cost allocation within the Plan and highlight any expenditure items that may not be reasonable to include in cost allocations. Based on review and feedback with City staff, we will make any necessary adjustments and include notations for future reference and audit trail purposes.

We will customize a version of our Cost Allocation Plan template to the City's organizational and accounting structure. We will complete the functionality of the Plan by inputting all expense, allocation factor, and other relevant data entries as needed, and generate:

- A summary schedule of the total annual allocated costs to each fund and budget unit.
- A schedule of indirect cost rates for each department/division and Citywide overall.

After a meeting with City staff to review the draft of outcomes, we will utilize staff’s feedback to make a round of revisions to the draft plan results. We are available to assist the Finance Department in presenting the draft Plan to selected City staff and address any comments or concerns regarding methods of cost allocation or cost allocation outcomes.

### **TASK 2.3: FINAL DOCUMENTATION**

The Final Report for the Plan includes an Executive Summary, illustration of analytical methods, presentation of findings, narrative descriptions complying with the standards of Title 2 CFR Part 200, and a technical appendix showing the analysis and any relevant data sources. We will submit the draft Final Report to City management, collect input, and make a round of revisions to the draft report to ensure the City is satisfied with the complete deliverable.

At the conclusion of the project, we will provide an electronic copy of the full detailed Cost Allocation Plan model in PDF format, as well as the schedule of summarized cost allocation outcomes in Excel.

### **Task 3: User Fee Study**

We understand the scope of this review is to include all fees as listed in the City’s Master Fee Schedule effective July 2022-23. According to the Table of Contents of the Master Fee Schedule, we will be working with the following departments and divisions to review their fee programs:

- General Administrative fees charged by City Clerk, City Manager, and Finance
- Community Development fees charged by Building, Code Enforcement, Economic Development, and Planning
- Engineering, and Transportation
- Fire Service-Related fees, excluding fees set by the Alameda County Fire Department
- Library
- Police
- Public Works
- Recreation
- Human Services

In general, the scope of services includes all fees for service that can be reasonably analyzed on a time per activity basis. The following types of charges are generally excluded because they are subject to different laws and requirements than the bulk of the user and regulatory fees under review:

- Penalties and fines – per Article XIIC of the California Constitution, these types of charges do not require a cost-of-service analysis to substantiate.
- Equipment and facility rentals - per Article XIIC of the California Constitution, these types of charges do not require a cost-of-service analysis to substantiate. San Leandro as a Charter City can set these fees based on a comparison of available market options. We are happy to include facility rental rates in the Fee Comparison task for a survey of other municipalities’ charges.
- Development Impact Fees (covered in Task 4).
- Utility rates or property related fees subject to Proposition 218 requirements.

The following work plan includes the following steps from project initiation to completion.

### **TASK 3.1. DATA COLLECTION**

This task is accomplished through Task 1, Project Commencement. We can combine the initial data request for the Cost Allocation Plan and User Fee Study when conducting the projects concurrently.

### **TASK 3.2. FEE STRUCTURE REVIEW**

We will meet with each Department directly to review their existing fee structure and gather staff's ideas for modifying or enhancing current practices. We will identify and recommend opportunities for streamlining fee structures as well as for addition of new fees that are in line with current practices seen in other agencies. Discussion will include advantages and disadvantages to fixed/one-time fees as well as deposit and actual cost billing structures. Working with staff to determine the most effective and efficient type of fee structure based on the organization, we will recommend and develop revisions to existing fee structures including any deletion of fees, potential new fees, or changes in billing practices. Based on the results of this discussion, we will incorporate the list of fees to be evaluated into the fee model template.

### **TASK 3.3. FACILITATED DATA COLLECTION**

Working directly with each Department, we will initiate review of the organizational, workload, and time on task data needed to calculate the cost of providing each fee for service. We will first communicate the steps necessary to develop data for justifying fees. Staff will be asked to provide an estimate of time spent on various activities and services performed on an annual basis, as well as on each individual fee for service activity. We will explore permit software tracking and reporting capabilities that may enhance and streamline data collection efforts. We will develop data collection materials and track progress weekly on data submittal activities. Additionally, we will enter data into the fee model and ensure that the cost of service analysis is defensible and reasonable. The product of this task will be a modeling of the complete organizational, performance, and time requirements for the services under review in this study.

### **TASK 3.4. COST OF SERVICE ANALYSIS**

We will determine the full cost of service on an annual basis for each department studied. The analysis will reflect all identifiable direct and indirect costs of providing services and will also incorporate applicable indirect costs, such as those defined by the City's organizational structure as well as the City's annual Cost Allocation Plan.<sup>1</sup> Total annual costs will be segregated between fee-recoverable and non-fee recoverable services.

Fully burdened hourly rates will be calculated for each Department involved in the study. Rates will consider the applicability of productive hours or direct-billed hours as the basis for calculation, depending on the Department or service analyzed.

Fully burdened hourly rates will be multiplied by the time estimates gathered in Task 3.3 to compute the full cost of each individual fee for service activity. The full cost of service defined by NBS serves as the analytically justified maximum amount that may be recovered through a user/regulatory fee adopted by the City Council.

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<sup>1</sup> We will incorporate the results of the Cost Allocation Plan effort from Task 2 of the Work Plan

All data metrics in the fee model will be cross checked to ensure the fee program is structured to recover 100% of costs considered.

### **TASK 3.5. DRAFT REVIEW AND REVISION**

We will meet with each Department to review the outcomes of the analysis. Drafts will detail all the assumptions and data utilized to calculate results as well as a comparison of each fee’s cost recovery performance. We will determine any necessary refinements to core assumptions, revise the fee model, and finalize the cost-of-service analysis. This task represents one planned iteration of the analytical work products. Next, we will obtain each Department’s final sign off on the fee models.

### **TASK 3.6. FEE COMPARISON**

Policy makers often desire a comparison of fee amounts to neighboring jurisdictions. Presence of a comparison will ensure a smoother implementation process and provide a sense of the “market” rate for various services. We will utilize our expertise to compare similar user fees and charges in up to five (5) neighboring and comparable communities. A list of communities will be selected and approved by City staff. We will download the respective fee schedules from the Internet or make a reasonable attempt to contact each agency for a copy of their current fee schedules as needed. We will complete a comparison of the fee categories and amounts, for the most readily comparable fee items that match the City’s fee structure.

### **TASK 3.7. RECOMMENDED PRICING REVIEW**

Pricing objectives from the City’s perspective, i.e., comfort with full cost recovery or some alternative level of cost recovery will be discussed. We will facilitate this conversation by discussing public/private benefits or causation of each activity, potential market sensitivity, interaction with established City goals or policies, behavior modification influence, and other considerations.

We will collect data from the City regarding recommended fees, either at or below the 100% full cost recovery fee amount calculated by NBS. Then, we’ll model the recommended cost recovery performance per fee item, and annually for the City as a whole.

### **TASK 3.8. FINAL REPORT**

A written report will be prepared describing the complete work and findings of the project. Next, a review session with City staff and members of the executive team will be conducted to review the findings issued in the draft report. Edits will be incorporated and the final report issued. The City will be provided with a digital file copy in PDF format of the final report, as well as the fee model’s cost of service tables in Excel. Should the need to defend the Study as a result of challenge, we are available to assist in answering questions and explaining results for up to four (4) hours of professional time.

## **Task 4: Development Impact Fee Study**

We understand the scope of this review is to include an evaluation of the City’s existing impact fees, as well as to identify opportunities for new impact fees that the City may wish to consider.

Based on our review of the City’s Development Fees for Fiscal Year 2022-23, and discussions related to the RFP requirements to date, the following is a list of the City’s existing impact fees that will be included in the scope of services:

## Update of Existing Impact Fees

- Park Development Impact Fees, including both Park Land Acquisition and Park Improvement components.
- Overhead Utility Conversion Fees, though technically not an impact fee but rather an in-lieu fee
- Traffic Impact Fees, to include the Citywide Development Fees for Street Improvements. To calculate traffic impact fees on the basis of Vehicle Miles Traveled (VMT), we would need data on trip lengths by land use type for the City.

## Opportunities for New Impact Fees

- General Government facilities for City Hall, corporation yard, and other types of similar general support facilities, vehicles, and equipment needed to serve development.
- Public Safety facilities for police and fire facilities, apparatus, vehicles, and equipment.
- Library buildings and collection materials.
- Community facilities such as recreation centers, community centers, etc.

The following sub-tasks represent the typical requirements of an impact fee study and can be customized to meet the specific needs of this project.

### TASK 4.1 KICKOFF MEETING

To kickoff this study, the NBS project team will attend a kickoff meeting with key City staff and carry out other activities required to initiate the study, including:

- Discuss the goals, work plan and schedule for the project.
- Establish coordination, communication, and reporting procedures.
- Evaluate available information resources.
- Review the existing impact fee program and identify any issues.
- Become familiar with the City's geography, development patterns, growth potential and existing facilities.

### TASK 4.2 CONDUCT COMPARATIVE IMPACT FEE SURVEY

Conducting this comparison in the beginning phase of the project will assist in identifying regional approaches to structuring and charging impact fees, as well as any opportunities for impact fees the City is not currently charging. Although an "apples to apples" comparison of cost recovery policy and fee structures between agencies is challenging, a comparison can also ensure a smoother implementation process.

We will apply our years of industry expertise comparing similar impact fees in up to five (5) neighboring and comparable communities. A list of communities will be selected and approved by City staff. We will download their respective fee schedules and supporting studies from the Internet. If schedules and supporting studies are not available on the Internet, we will make a reasonable attempt to contact the agency to obtain that information.

We will then compile a comparison of the following information:

- Impact Fee program fee categories and amounts, for the most readily comparable fee items that match impact fee categories proposed to be evaluated by this Study.

- Impact fees charged by other agencies in addition to those to be evaluated by this Study, including fees for housing, art in public places, school fees, etc., except for utility related impact fee information for water and sewer

### **TASK 4.3 COMPILE DATA ON EXISTING AND FUTURE DEVELOPMENT**

In this task, the project team will collect, review, organize and analyze data on existing and future development in the City and compile it in a form useful for this study. Steps in that process may include:

- Establish boundaries of the study area to be used in the analysis (e.g., existing City vs. sphere of influence).
- Establish the planning horizon for future development to be addressed in this study (either buildout or a specific target date).
- Define the breakdown of development types for which impact fees will be calculated in the study.
- Analyze available land use data to establish a baseline of existing development and a forecast of future development by land use type. To a significant extent, this process depends on data to be provided by the City.
- Identify demand variables and specific demand factors that can be used to represent the impact of development in the impact fee model.
- Prepare development data tables to incorporate into the fee calculation model and the study report.

The City will receive a draft Memorandum outlining initial development data gathered and have a chance to review, discuss, and refine this information with the NBS project team.

### **TASK 4.4 FACILITY NEEDS ANALYSIS**

Using forecasts of future development from Task 4.3, the project team will review the Capital Improvement Program, facility master plans and engineering studies, and work with staff to identify new facilities, facility expansions, vehicles and equipment needed to serve future development. Steps in that process will include the following:

- Review adopted level-of-service standards and actual service levels for relevant facility types as well as Capital Improvement Plan (CIP) projects and costs.
- Work with City staff to identify the operative level-of-service standard to be used in the impact fee analysis for each facility type.
- Identify any existing deficiencies or available capacity relative to the selected level of service standard for each type of facility.
- Project the additional service demand that will be created by new development, based on selected service levels.
- Translate service demand into facility needs by facility type.
- Compile cost estimates for relevant facilities and other assets.
- Identify costs eligible for impact fee funding.

## TASK 4.5 IMPACT FEE ANALYSIS

Using the information developed in previous tasks, the project team will conduct the impact fee analysis and build a spreadsheet model to calculate impact fees by land use type for each type of facility addressed in the study. That process typically includes these steps:

- Work with City staff to define appropriate fee calculation methods for each of the facilities addressed in this study.
- Construct a spreadsheet-based fee calculation model incorporating data on existing and future development, demand factors and eligible facility costs.
- Specify formulas in the model to allocate facility costs in proportion to the impact of new development by land use type.
- Calculate a cost per unit of service for each facility type.
- Convert the cost per unit of service into a schedule of impact fees per unit of development, by development type.
- Project potential revenue from the proposed impact fees.

## TASK 4.6 DRAFT AND FINAL STUDY REPORTS

The impact fee study report will explain the data, methodology, formulas and assumptions used in the fee calculations and document the nexus between the proposed fees and the impacts of development for each type of impact fee calculated in the study. The report will also propose findings to satisfy the requirements in Section 66001 of the Mitigation Fee Act regarding the purpose of the fees, the use of the fees, and the reasonable relationship between the fees and development.

As the study progresses, the project team will submit preliminary drafts of portions of the study report for review and comment by City staff. Once all sections are in draft form, an administrative draft of the entire study report, incorporating any previous staff comments, will be submitted and reviewed with City staff. Then a final draft document will be prepared for the City Council and public review. If necessary, additional changes will be incorporated into the final study report.

The study report will include the following components:

- An Executive Summary including summary impact fee tables.
- A chapter discussing the legal framework and methods used to calculate the fees.
- A chapter presenting data on existing and future development in the study area and the factors used to quantify the impacts of development on individual facility types.
- A separate chapter for each impact fee presenting the data and methodology used in the analysis, a detailed explanation of the impact fee calculations, and documentation of the nexus between the impact fees and development.
- A chapter on implementation recommendations, covering steps needed to comply with the Mitigation Fee Act through proper administration of the impact fees.

Deliverables include: (1) Preliminary chapter drafts; (2) a complete draft report for staff review; (3) a final draft report for City Council and public review; (4) the final report. All deliverables will be submitted in electronic pdf format. At the conclusion of the study, NBS will provide the City with the final report in Word format and the impact fee model in Excel format.

## **Task 5: Meetings and Presentations**

### **MEETINGS AND PRESENTATIONS**

In general, we have assumed all meetings with staff for purposes of developing the final findings and reports for each work plan above will be conducted remotely. We have the tools to accomplish all aspects of the project's work plan remotely from NBS offices. We utilize video conferencing, email, and telephone to coordinate on the project and review deliverables in an effective manner.

At the implementation stage of the project, we are available to present the Study's outcomes to the City Council. In this presentation, NBS will review the study process, present study results and recommendations, receive input and guidance on the direction of the study, and answer questions. We will prepare a PowerPoint presentation for these meetings which will include visual aids, graphics, charts, and additional worksheets or handouts. We have assumed a total of four (4) meetings for each phase of the project as follows:

- Cost Allocation Plan/User Fee Study: two (2) remotely conducted or in-person site visits for presentation of the study results.
- Development Impact Fee Study: two (2) remotely conducted or in-person site visits for presentation of the study results.

We have also included sufficient professional time in this area of the project budget to attend several small group Council meetings as needed in a remotely conducted setting.

### **CITY'S RESPONSIBILITIES**

The City shall furnish NBS with any pertinent information that is available to City and applicable to the Services. The City shall designate a person to act with authority on its behalf in respect to the Services. The City shall promptly respond to NBS' requests for reviews and approvals of its work, and to its requests for decisions related to the Services. City understands and agrees that NBS is entitled to rely on all information, data and documents (collectively, "Information") supplied to NBS by City or any of its agents, contractors or proxies or obtained by NBS from other usual and customary sources including other government sources or proxies as being accurate and correct and NBS will have no obligation to confirm that such Information is correct and that NBS will have no liability to City or any third party if such Information is not correct.



## EXHIBIT B

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### COMPENSATION FOR SERVICES

Our professional fees are based on our understanding of the City’s needs and the effort we believe is necessary to complete the scope of services/task plan described. We express this honestly and transparently through our price proposal.

Work will be performed on a time and materials basis at the hourly labor rates shown in the table below. Travel costs such as mileage, flights, hotels, and per-diem meals for in-person meetings will be charged separately.

Title	Hourly Rate
Project Manager	\$210
Impact Fee Specialist	\$150
NBS Consultants/Project Analyst	\$140

Our maximum not to exceed pricing for each project requested by the City is shown in the table on the following page, including a breakdown of professional fees by work plan task, hourly rate, and classification of personnel. At the City’s request, we have also included a contingency budget for additional project needs that may arise along the way. The contingency budget would only be utilized upon approval by the City’s project manager of a written scope of services.

### INVOICING

We invoice on a monthly basis, following recorded consultant time on the project, paralleling our completion of the work. At no time will we invoice for charges in excess of the fee to which the City and NBS mutually agree. Should the City specifically request additional services beyond those described in this document, we will discuss those requests and associated costs at that later time and only invoice for additional fees upon separate written authorization from the City.

PROJECT COST DETAIL City of San Leandro	NBS Consultant Labor (Hours)			Grand Totals	
	Project Manager (Kissam)	Impact Fee Specialist/ NBS Eng. Consultant	NBS Consultants/ Project Analyst	Consultant Labor (Hours)	Consultant Costs (\$)
Task Plan					
Hourly Rate	\$210	\$150	\$140		
<b>Cost Allocation Plan, User Fee Study, and Development Impact Fee Study</b>					
<b>Task 1: Project Commencement</b>	4.0	4.0	4.0	12.0	\$ 2,000
<b>Task 2: Cost Allocation Plan</b>					
2.1 - Indirect Cost Centers and Allocation Factors	12.0	-	24.0	36.0	5,880
2.2 - Draft of Outcomes	8.0	-	24.0	32.0	5,040
2.3 - Final Documentation	4.0	-	20.0	24.0	3,640
<b>Subtotal Task 2</b>	<b>24.0</b>	<b>-</b>	<b>68.0</b>	<b>92.0</b>	<b>\$ 14,560</b>
<b>Task 3: Comprehensive User Fee Study</b>					
3.1 - Data Collection	<i>included above</i>				
3.2 - Fee Structure Review	24.0	-	36.0	60.0	\$ 10,080
3.3 - Facilitated Data Collection	8.0	-	48.0	56.0	8,400
3.4 - Cost of Service Analysis	12.0	-	24.0	36.0	5,880
3.5 - Draft Review and Revision	12.0	-	20.0	32.0	5,320
3.6 - Fee Comparison	4.0	-	24.0	28.0	4,200
3.7 - Recommended Pricing Review	4.0	-	8.0	12.0	1,960
3.8 - Final Report	6.0	-	16.0	22.0	3,500
<b>Subtotal Task 3</b>	<b>70.0</b>	<b>-</b>	<b>176.0</b>	<b>246.0</b>	<b>\$ 39,340</b>
<b>Task 4: Development Impact Fee Study</b>					
4.1 - Kick Off Meeting	2.0	4.0	-	6.0	\$ 1,020
4.2 - Comparative Impact Fee Survey	16.0	8.0	16.0	40.0	6,800
4.3 - Compile Development Data	16.0	32.0	-	48.0	8,160
4.4 - Facility Needs Analysis	18.0	56.0	-	74.0	12,180
4.5 - Impact Fee Analysis	16.0	60.0	-	76.0	12,360
4.6 - Draft and Final Reports	16.0	52.0	16.0	84.0	13,400
<b>Subtotal Task 4</b>	<b>84.0</b>	<b>212.0</b>	<b>32.0</b>	<b>328.0</b>	<b>\$ 53,920</b>
<b>Task 5: Meetings and Presentations</b>					
Virtual Meetings with City Staff - all tasks above	<i>included above</i>				
Implementation Presentations/Meetings					
Work Plans 2 and 3	24.0	-	8.0	32.0	6,160
Work Plan 4	16.0	16.0	4.0	36.0	6,320
Travel Budget (as needed)					5,000
<b>Subtotal Task 5</b>	<b>40.0</b>	<b>16.0</b>	<b>12.0</b>	<b>68.0</b>	<b>\$ 17,480</b>
<b>Travel (as needed and not to exceed)</b>					\$ 3,000
<b>SUBTOTAL ALL TASKS</b>	<b>222.0</b>	<b>232.0</b>	<b>292.0</b>	<b>746.0</b>	<b>\$ 130,300</b>
CONTINGENCY					\$ 19,500
<b>TOTAL ALL TASKS</b>					<b>\$ 149,800</b>

