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April 3, 2023

Debbie Pollart  
Public Works Director  
14200 Chapman Road  
San Leandro, CA 94578

Sent via email: [DPollart@sanleandro.org](mailto:DPollart@sanleandro.org)

Debbie Pollart,

HF&H Consultants, LLC (HF&H) is pleased to respond to your request for a proposal to assist the City of San Leandro (City) with placing stormwater charges on the County tax rolls to fund the City's ongoing stormwater funding needs. This proposal provides some background regarding the project, our recommended scope of work and our proposed fees, schedule, and staffing.

## BACKGROUND

The City operates and maintains a storm drainage system, as it is empowered to do per Government Code Sections 38900 and 38901. This system is comprised of integrated storm drain pipes, inlets, outfalls, culverts, and ditches which divert stormwater to local creeks to prevent flooding.

The City recognizes the fiscal burden of ever increasing costs to maintain the system, as well as continuing to meet the increasing requirement of its National Pollutant Discharge Elimination System (NPDES) permit. The City has worked diligently and efficiently to continue meeting the ever increasing requirements of the NPDES permit, while the State's clean water requirements have evolved into a comprehensive environmental stewardship program.

As such, the City has studied and established an appropriate property-related Stormwater Fee on parcels throughout the City to fund this activity. Property-related fees are subject to the requirements of Articles XIII C and D of the State Constitution, which were approved by voters in 1996 through Proposition 218, as well as the Proposition 218 Omnibus Implementation Act (Government Code Sections 53750 – 53758).

The City embarked on a two-phase project to determine the feasibility of implementing a dedicated, sustainable revenue stream to fund the City's clean water and storm protection needs. The first phase included exploring potential funding source and establishing the cost-based Stormwater Fee, in accordance with the requirements of Proposition 218.

The City Council has now embarked on the second phase: implementation of the Stormwater Fee. The implementation phase is also a two-phased process. First, the City must hold a protest hearing to notify

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affect parcel owners of the proposed Stormwater Fee. If the protest is not successful, meaning less than 50% + 1 of all property owners do not protest, the City may continue to phase two. Phase two requires the City to mail ballots to affected property owners which allows a "yes" or "no" vote to implement the proposed Stormwater Fee. If the City receives a majority of "yes" votes from those property owners who return the ballot, the City Council may adopt the Fee, if the City receives a majority of "no" votes, the Fee may not be adopted.

The following summarizes our scope of work and budget for a successful implementation of a Stormwater Fee.

## Scope of Work

### **Task 1: Initiate Engagement**

Upon receipt of a Notice to Proceed, HF&H will conduct a kick-off meeting that should include all key City Staff including City Manager, City Attorney, Finance, Public Works and other appropriate staff.

The purpose of the kick-off meeting is to confirm the project objectives, schedule, deliverables, and related expectations. The kick-off meeting is a crucial exchange of information with the City.

Prior to the kickoff meeting, we will also distribute a data request. Where possible, the data will be specifically itemized and identify the party responsible for providing it, if possible. We will attempt to minimize the City's time required for data collection. However, because the City is most familiar with which data are available, we will rely on the City to provide all data requested unless the data does not exist or the effort required is unwarranted. We also realize that the City may not have all of the data desired, in which case we will require the City to obtain alternate data or provide its assumptions.

### **Task 2: Draft and Mail the Proposition 218 Notice to Property Owners**

We will prepare a draft Notice of Public Hearing, for review and comment by City, including City Attorney's office and City Clerk's office and manage the noticing process. We will coordinate printing and mailing services to mail individual notices to all property owners affected by the Stormwater Fee. As required by law, the notice will:

- Show the proposed service fees;
- Provide a general description of the services or improvements to be funded by the fee;
- Include the phone number and address of the person who the property owner may contact to receive additional information about the charge;
- Provide instructions on how to submit an allowable protest;

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- Specify the date, time, and location of the public hearing to be held regarding the fee (and the date, time, and location of any property owner information meetings); and,
- Provide a link to the supporting report which calculated the fee and a link to a Frequently Asked Questions (FAQ) on the City's website to aid in property owner's understanding of the basis and need for the fee.

### **Task 3: Public Outreach**

To assist the public's understanding of the need and cost-basis for the proposed Stormwater Fee, with the assistance of City staff (including the City Attorney's Office), we will draft an 8 -12 question and answer FAQ to be posted on the City's website.

If the City has a community newsletter, we will assist the City in drafting a short summary of the stormwater funding needs and proposed stormwater fee to address the needs.

We will prepare a presentation and attend up to two public meetings to educate the public on the stormwater program, funding needs, approval process, and timeline. These meetings will be held after the Proposition 218 notice is issued, and before the date of the public protest hearing.

The presentation will include a survey of current/proposed Stormwater Fees of other jurisdictions around the Bay Area.

### **Task 4: Draft Ordinance/Resolution**

We will prepare a draft ordinance or resolution, for review and comment by City, including City Attorney's office and City Clerk's office.

### **Task 5: Attend Public Protest Hearing**

We will prepare a presentation and attend the protest hearing to answer questions from the public and/or City Council, at the date and time provided in the Proposition 218 notice. If there is not a majority protest (i.e., 50% + 1 of property owners), the City Council may approve continuing on the second phase of the implementation process, distributing ballots to affected property owners. If there is a successful majority protest, the process must stop here.

### **Task 6: Draft and Mail Proposition 218 Ballot**

We will prepare a draft Notice of Public Hearing and Ballot, for review and comment by City, including City Attorney's office and City Clerk's office and manage the noticing process. We will coordinate printing and mailing services to mail individual notices to all property owners affected by the Stormwater Fee. As required by law, the notice will:

- Include the information provided in the original Proposition 218 protest hearing notification;
- Include "Official Ballot Enclosed" on the face of the envelope; ·

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- Include the address for return of the ballot, the date and location where the ballots will be tabulated, and a place where the person returning it may indicate his or her name, a reasonable identification of the parcel, and his or her support ("Yes") or opposition ("No") to the proposed fee; and,
- Include pre-paid postage for the return of the sealed ballot.

### **Task 7: Public Outreach**

If requested by the City, we will prepare a presentation and attend up to two public meetings to educate the public on the stormwater program, funding needs, approval process, and timeline. These meetings will be held after the Proposition 218 ballots have been issued, and before the date of the public hearing to tabulate the ballots.

### **Task 8: Attend Public Hearing**

We will attend the public hearing to count and verify the legitimacy of the ballots. If the majority of ballots received (not mailed) are a "yes" vote, the City Council may adopt the Stormwater Fee. If the majority of ballots received (not mailed) are a "no" vote, the City Council may not adopt the Stormwater Fee.

### **Task 9: Engagement Management**

An allowance is required for monitoring schedules and budgets, periodic status calls with City staff regarding the progress of the project and other issues, and quality control checks to peer review our analyses and work products. This task includes creation of project progress reports and control reports for invoicing.

## **BUDGET**

We propose to perform this engagement on a time and materials basis. Our fee estimate represents a total estimated cost of \$203,350 (\$49,410 for consulting services, \$123,970 for the printing and mailing of Proposition 218 notices/ballots, and an optional task to calculate and place the proposed charges on the County tax rolls). Printing and mailing costs are a pass-through cost through a third-party without mark-up by HF&H. The printing and mailing costs are an estimate, final figures will be provided at the time of printing. Charges for additional services (attending additional public workshops, preparing additional outreach materials, etc.) will be on a time and materials basis in accordance with the hourly rates shown in the figure below.



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|   |                                      | Executive | Project Manager | Senior Associate | Associate | Assistant Analyst | Administrative | Total Hours | Proposed Cost |
|---|--------------------------------------|-----------|-----------------|------------------|-----------|-------------------|----------------|-------------|---------------|
|   |                                      | \$330     | \$255           | \$225            | \$175     | \$150             | \$115          |             |               |
| <b>Task 1</b>   | <b>Initiate Engagement</b>           |           |                 |                  |           |                   |                |             |               |
|   | Task 1                               | 4         | 6               | 0                |           | 0                 | 0              | 10          | \$2,850       |
| <b>Task 2</b>   | <b>Draft Proposition 218 Notice</b>  |           |                 |                  |           |                   |                |             |               |
|   | Task 2                               | 2         | 6               | 0                |           | 0                 | 2              | 10          | \$2,420       |
| <b>Task 3</b>   | <b>Public Outreach</b>               |           |                 |                  |           |                   |                |             |               |
|   | Task 3                               | 12        | 6               | 10               |           | 20                | 2              | 50          | \$10,970      |
| <b>Task 4</b>   | <b>Draft Ordinance/Resolution</b>    |           |                 |                  |           |                   |                |             |               |
|   | Task 4                               | 1         | 2               | 4                |           | 0                 | 2              | 9           | \$1,970       |
| <b>Task 5</b>   | <b>Attend Public Protest Hearing</b> |           |                 |                  |           |                   |                |             |               |
|   | Task 5                               | 8         | 6               | 12               |           | 8                 | 0              | 34          | \$8,070       |
| <b>Task 6</b>   | <b>Draft Proposition 218 Ballot</b>  |           |                 |                  |           |                   |                |             |               |
|   | Task 6                               | 2         | 6               | 0                |           | 0                 | 2              | 10          | \$2,420       |
| <b>Task 7</b>   | <b>Public Outreach</b>               |           |                 |                  |           |                   |                |             |               |
|   | Task 6                               | 12        | 6               | 10               |           | 20                | 2              | 50          | \$10,970      |
| <b>Task 8</b>   | <b>Attend Public Hearing</b>         |           |                 |                  |           |                   |                |             |               |
|   | Task 8                               | 8         | 2               | 8                |           | 8                 | 0              | 26          | \$6,150       |
| <b>Task 9</b>   | <b>Engagement Management</b>         |           |                 |                  |           |                   |                |             |               |
|   | Task 9                               | 4         | 4               | 2                |           | 2                 | 0              | 12          | \$3,090       |
| <b>Total Costs</b>  |                                      |           |                 |                  |           |                   |                |             |               |
| Consulting Labor  |                                      | 53        | 44              | 46               |           | 58                | 10             | 211         | \$48,910      |
| Out-of-Pocket Expenses (travel)   |                                      |           |                 |                  |           |                   |                |             | \$500         |
| Consulting Budget   |                                      |           |                 |                  |           |                   |                |             | \$49,410      |
| Printing, Folding, Stuffing and Mailing Notices (assumes color, 3 pgs @ \$1.50 each) - #1 |                                      |           |                 |                  |           |                   |                |             | \$34,500      |
| Plus Postage (assumes 23,000 notices @ \$0.63) - #1                                       |                                      |           |                 |                  |           |                   |                |             | \$14,490      |
| Printing, Folding, Stuffing and Mailing Notices (assumes color, 4 pgs @ \$2.00 each) - #2 |                                      |           |                 |                  |           |                   |                |             | \$46,000      |
| Plus Postage (assumes 23,000 notices @ \$0.63 x 2) - #2                                   |                                      |           |                 |                  |           |                   |                |             | \$28,980      |
| Total Budget  |                                      |           |                 |                  |           |                   |                |             | \$173,380     |
| <b>OPTIONAL TASK - Tax Roll Preparation</b>   |                                      |           |                 |                  |           |                   |                |             |               |
|   |                                      | 12        | 42              | 30               |           | 57                | 0              | 141         | \$29,970      |

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## ANTICIPATED SCHEDULE

We shall commence work upon the acceptance of our proposal and receiving a formal notice-to-proceed from the City. We are prepared to commence this engagement by April 1, 2023 and pursue the completion of the engagement for rates to become effective January 1, 2024. We will discuss a final detailed schedule with City staff at the kick-off meeting, once we have a full understanding of the scope and availability of data necessary to conduct project.

## STAFFING

The following team has worked together closely on numerous water, sewer, solid waste, and stormwater Proposition 218 rate studies and rate approval processes. They will dedicate adequate time each week to complete the project deliverables on schedule. Resumes for each team member have been included in **Appendix A**.

### **Rick Simonson, Senior Vice President, Executive Project Director**

**Education:** B.S. Business Administration, Accountancy | Cal State University, Sacramento; B.A. Communication Studies, Media Production | Cal State University, Sacramento

**Experience & Credentials:** HF&H owner | Senior Vice President at HF&H | 22 years utility rate setting experience on water, sewer, stormwater and solid waste projects | 6 years of auditing experience with Contra Costa County Assessor's Office | Certified Management Consultant

**Recent Projects:** **City of Redwood City** – 2023 Water and Sewer Rates Study (2023) | **West Bay Sanitary District** – Annual Sewer Rate Updates (2019-2022), Connection Fee Study (2022) | **Sanitary District No. 5 of Marin County** – FY 2023-24 Cost-of-Service Sewer Rates Study (2023), Sewer Rates Update (2022) | **Town of Hillsborough** – Sewer Rates Update (2021) | **City of Bakersfield** – Cost-of-Service Sewer Rates Study (2020-2021) | **Town of Los Altos Hills** – Sewer Rates, Connection Fees Study (2020-2021) | **Castro Valley Sanitation District** - Solid Waste Study (2021) |

As Project Director, Rick will serve as the firm executive overseeing the project. He will be responsible for the following functions:

- Monitor the project team's interaction with the City to ensure that all work is completed properly.
- Perform QA/QC on all deliverables.
- Attend the presentation(s) to the City Council.
- Attend check-in meetings with City staff, as needed.
- Advise the Project Manager on project-related activities.



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## **Gabe Sasser, PE, Project Manager**

**Education:** B.S. Civil Engineering | California Polytechnic State University, San Luis Obispo

**Experience & Credentials:** 4 years of utility rate setting experience on water and sewer projects | 7 years of project management | CA-Licensed Civil Engineer (C88906) | Project Management Professional certification (2020)

**Recent Projects:** **City of Redwood City** – 2023 Water and Sewer Rates Study (2023) | **West Bay Sanitary District** – Annual Sewer Rate Updates (2019-2022), Connection Fee Study (2022) | **Sanitary District No. 5 of Marin County** – FY 2023-24 Cost-of-Service Sewer Rates Study (2023), Sewer Rates Update (2022) | **Town of Hillsborough** – Sewer Rates Update (2021) | **City of Bakersfield** – Cost-of-Service Sewer Rates Study (2020-2021) | **South Coast Water District** – Water and Wastewater Rates Study (2020-21)

As Project Manager, Gabe will oversee the day-to-day operations of the proposed project team. He will be responsible for the following functions:

- Coordinate the project team's interaction with the City to ensure that all work is completed properly.
- Manage the project team's progress against the schedule and budget.
- Lead all project meetings and public presentations.
- Prepare the Proposition 218 notice and ballot.
- Prepare presentations to the City.
- Perform QA/QC on all deliverables.

## **Geoffrey Michalczyk, MBA – Senior Associate**

**Education:** B.S. Economics & Political Science | University of Utah; M.S. Financial Analysis | Saint Mary's College of California; M.B.A. | Saint Mary's College of California

**Experience & Credentials:** 6 years of utility rate setting experience on water, sewer, and stormwater projects | 3 years of project management experience

**Recent Projects:** **South Coast Water District** – Long-term Capital Planning Model, Water and Wastewater Rates Study (2019-21) | **Union Sanitary District** – Long-term Capital Planning Model, Cost-of-Service Study (2020-2021) | **Town of Los Altos Hills** – Sewer Rates and Connection Fees Study (2020-2021) | **City of Daly City** – Sewer Rates Study (2019-2020)

As Senior Analyst, Geoff will be responsible for the following functions:

- Provide technical support to Sarah in developing the stormwater charges.
- Perform QA/QC on the charge calculations.

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- Assist with preparing the notice, ballot, and presentation(s) to City Council.
- Attend check-in meetings with City staff, as needed.

### **Sarah Tam – Assistant Analyst**

**Education:** B.A. Economics | University of California, Riverside

**Experience & Credentials:** 1 year of utility rate setting experience on water, sewer, and solid waste projects | Research Assistant specializing in statistical analysis.

**Recent Projects:** | **Sanitary District No. 5 of Marin County** – FY 2023-24 Cost-of-Service Sewer Rates Study (2023) | **City of Monterey Park** – Water and Sewer Rates Study (2022-23) | **Oakwood Lakes Water District** – Connection Fee Study (2022), **City of Daly City** –Cost Allocations (2022), **Santa Clara Valley Urban Runoff Pollution Prevention Program** – MOA Review (2022)

As an analyst, Sarah will be responsible for the following functions:

- Generate the data request.
- Develop the stormwater charge model.
- Assist with preparing the presentation(s) to City Council.

\* \* \*

We hope this proposal is responsive to the City's requirements. Please let me know if any revisions are needed. HF&H sincerely appreciates the opportunity to be of continued support to the City. If you have any questions or concerns regarding this proposal, please do not hesitate to contact me directly at (925) 977-6957 or [rsimonson@hfh-consultants.com](mailto:rsimonson@hfh-consultants.com).

Sincerely,  
HF&H Consultants, LLC



Rick Simonson  
Senior Vice President

Attachments:

A. Standard Hourly Rates and Billing Arrangements



# ATTACHMENT A: STANDARD HOURLY RATES AND BILLING ARRANGEMENTS

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(Effective January 1, 2023)<sup>1</sup>

## Professional Fees

Hourly rates for professional and administrative personnel are as follows:

| <u>Position</u>        | <u>Rate</u>   |
|------------------------|---------------|
| Executive              | \$310 - \$320 |
| Senior Project Manager | \$290 - \$305 |
| Project Manager        | \$245 - \$255 |
| Senior Associate       | \$220 - \$235 |
| Associate Analyst      | \$170 - \$190 |
| Assistant Analyst      | \$145 - \$160 |
| Administrative Staff   | \$130 - \$145 |

## Direct Expenses

Standard charges for common direct expenses are as follows:

|                            |                             |
|----------------------------|-----------------------------|
| Automobile Travel          | Prevailing IRS mileage rate |
| Airfare and Public Transit | Actual Cost                 |

## Billing Policies

Our policy is to bill for our services based on the standard hourly rates of the staff member assigned, multiplied by the time required to perform the client-related tasks, plus the direct expenses as described above. In implementing this policy we adhere to the following practices:

- It is our standard practice to e-mail invoices to our clients, although hard copies of invoices can be sent to clients on request.
- We round to the nearest one-quarter hour (e.g., if two hours and 55 minutes are spent on a task, it is recorded as three hours, if two hours and 5 minutes are spent on a task, it is recorded as two hours). A minimum charge of one-quarter hour is charged for any client work performed in a day.
- We do not markup out-of-pocket expenses, however, we may charge administrative or professional time related to the provision of the goods and services associated with these charges.

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<sup>1</sup> Litigation Support and Expert Witness Services are not covered by this schedule of fees and expenses.

# **ATTACHMENT A: STANDARD HOURLY RATES AND BILLING ARRANGEMENTS**

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- If subcontractors are used, HF&H reserves the right to charge a 5% markup should the subcontractor's services require cumbersome administrative oversight (e.g., multiple subcontractors; engagement turns out to solely require services of subcontractor, but HF&H as the prime must prepare billings).
- Mileage fees are based on the round-trip distance from the point of origin.
- If a client's change to a previously scheduled meeting results in penalties being assessed by a third party (e.g., airline cancellation fee), then the client will bear the cost of these penalties.

While no minimum fee for a consulting engagement has been established, it is unlikely (given the nature of our services) that we can gain an understanding of a client's particular requirement, identify alternatives, and recommend a solution in less than twenty-four consulting hours.

## **Insurance**

We maintain the following policies of insurance with carriers doing business in California:

- Comprehensive General Liability Insurance (\$2,000,000 Occurrence/\$4,000,000 Aggregate)
- Workers' Compensation (\$1,000,000)
- Professional Liability Insurance (\$2,000,000 Occurrence/\$2,000,000 Aggregate)
- Hired and Non-Owned Auto Liability<sup>2</sup> (\$2,000,000)
- Umbrella Liability (\$3,000,000 Occurrence/\$3,000,000 Aggregate)

All costs incurred in complying with additional coverages or limits (excluding additional insured and waiver of subrogation endorsements) become the responsibility of the client and are not included in the fees for services or direct charges but are billed in addition to the contract at cost, plus any professional or administrative fees.

## **Invoices and Payment for Services**

Our time reporting and billing system has certain standard formats that are designed to provide our clients with a detailed invoice of the time and charges associated with their engagement. (We typically discuss these with our clients at our kick-off meeting.) We are also pleased to provide our clients with a custom invoice format but we will have to bill the client for time spent conforming our invoices to their unique requirements.

Billings for professional services and charges are submitted every month, in order that our clients can more closely monitor our services.

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<sup>2</sup> HF&H Consultants does not own any company automobiles.