

REPORT TO CITY COUNCIL

DATE: JULY 13, 2016
TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: GREG RAMIREZ, CITY MANAGER *h/r For G.R.*
BY: CHRISTY PINUELAS, DIRECTOR OF FINANCE *CP*
SUBJECT: AWARD CONTRACT FOR COMPREHENSIVE FEE STUDY

The City's current fee schedule for City services, including: Planning, Engineering and Building and Safety was adopted in June 2012. In order to ensure cost recovery for these municipal services, the City must undertake a fee study. These studies are recommended to be completed every five years and include an in-depth look at the actual cost to provide each service. The study would begin in July 2016, with an anticipated adoption by the City Council in mid 2017.

On May 12, 2016, the City received three (3) proposals. Staff interviewed the three firms and is recommending the award of contract to MGT of America, Inc., as the most qualified. MGT of America gave a realistic schedule that displayed an in-depth knowledge of the process involved and the timelines in which staff, who provide input on the fee study, can adequately respond. They also provided a detailed cost schedule, which ensures that their scope of work includes fee categories specific to the City of Agoura Hills, whereas the other proposers provided a general outline of the costs that weren't specific to a contract city. The City had previously worked with one of the other proposing firms on the prior fee study, and the firm had difficulty meeting the established schedule.

MGT of America specializes in governmental agency fee studies and provides the most experience and proven methodology in establishing the fee structures. Furthermore, MGT of America has recently worked with several local communities, and their exhibits provide legally defensible user fee calculations to support each fee. Finally, MGT of America's approach to working with staff on-site will ensure that the fee study is completed on schedule.

Having a new firm perform the fee study also allows for the fees to be reviewed from a fresh perspective, and make sure that the City is recovering costs of each current and potential user fee.

The proposed costs of the fee study are as shown below:

Firm	Amount Proposed
Willdan Financial Services	\$19,865
Matrix Consulting Group	\$21,000

MGT of America, Inc.	\$30,000
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The approved Fiscal Year 2016-17 budget in the General Fund, Finance Department (010-4150-5510) includes an adequate amount of funding to complete the study.

The proposed agreement has been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff respectfully recommends the City Council award the contract for a comprehensive fee study to MGT of America, Inc.; and authorize the Mayor to sign the contract agreement.

Attachment: Agreement

**AGREEMENT FOR CONSULTANT SERVICES
WITH THE CITY OF AGOURA HILLS**

NAME OF CONSULTANT: MGT of America, Inc.
RESPONSIBLE PRINCIPAL OF CONSULTANT: Attn: J. Bradley Burgess
CONSULTANT'S ADDRESS: 2251 Harvard Street, Suite 134
Sacramento, CA 95815
CITY'S ADDRESS: City of Agoura Hills
30001 Ladyface Court
Agoura Hills, CA 91301
Attn: City Manager
PREPARED BY: Christy Pinuelas
COMMENCEMENT DATE: 7/14/2016
TERMINATION DATE: 7/14/2017
CONSIDERATION: Contract Price
Not to Exceed: \$30,000 /yr

ADDITIONAL SERVICES *(Describe Services, Amount, and Approval):*

Date: _____ **Amount: \$** _____ **Authorized By:** _____
(Not to Exceed 10% of Contract Price) **City Manager**

**AGREEMENT FOR CONSULTANT SERVICES BETWEEN
THE CITY OF AGOURA HILLS AND MGT OF AMERICA,
INC.**

THIS AGREEMENT is made and effective as of July 14th, 2016 , between the City of Agoura Hills, a municipal corporation ("City") and MGT of America, Inc. ("Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. TERM

This Agreement shall commence on July 14th, 2016 , and shall remain and continue in effect until tasks described herein are completed, but in no event later than July 14, 2017, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Consultant shall perform the services and tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. Consultant shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A.

3. PERFORMANCE

In meeting its obligations under this Agreement, Consultant shall at all times faithfully and competently perform all tasks described herein in a manner satisfactory to CITY and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions.

4. PAYMENT

A. The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B, Payment Rates and Schedule, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. Any terms in Exhibit B other than the payment rates and schedule of payment are null and void. This amount shall not exceed (\$30,000.00) thirty thousand dollars and no cents ("Contract Price") for the initial Term of the Agreement unless additional payment is approved as provided in this Agreement.

The City Manager may approve additional work up to ten percent (10%) of the amount of the Agreement. Any additional work in excess of this amount shall be approved by the City Council.

B. Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by the City Council and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

C. Consultant shall submit invoices monthly for actual services performed. Invoices shall be submitted between the first and fifteenth business day of each month, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees, it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice. For all reimbursements authorized by this Agreement, Consultant shall provide receipts on all reimbursable expenses in excess of Fifty Dollars (\$50) in such form as approved by the Director of Finance.

5. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

A. The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement, such suspension or termination shall not make void or invalidate the remainder of this Agreement.

B. In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the City pursuant to Section entitled "PAYMENT" herein.

6. DEFAULT OF CONSULTANT

A. The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

B. If the City Manager or his delegate determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, it shall serve the Consultant with written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement."

7. OWNERSHIP OF DOCUMENTS

A. Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to such books and records, shall give City the right to examine and audit said books and records, shall permit City to make transcripts therefrom as necessary, and shall allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

B. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files containing data generated for the work, Consultant shall make available to the City, upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files.

8. INDEMNIFICATION

Consultant shall defend, indemnify, and hold the City, its officials, officers, employees, agents and independent consultants serving in the role of City officials, and volunteers (collectively "Indemnitees") free and harmless from any and all claims, demands, causes of action, proceedings, costs, expenses, liabilities, losses, damages or injuries, in law or equity, to property or persons, including wrongful death (collectively "Claims"), in any manner arising out of or incident to any acts or omissions of Consultant, its officials, officers, employees, agents or sub-consultants in connection with the performance of this Agreement, including without limitation the payment of all consequential damages, attorneys' fees, and other related costs and expenses, except for such Claims arising out of the sole negligence or willful misconduct of the Indemnitees. With respect to any and all such Claims, Consultant shall defend Indemnitees at Consultant's own cost, expense, and risk and shall pay and satisfy any judgment, award, or decree that may be rendered against Indemnitees. Consultant shall reimburse Indemnitees for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant or Indemnitees. All duties of Consultant under this Section shall survive termination of this Agreement.

9. INSURANCE REQUIREMENTS

Prior to commencement of work, Consultant shall procure, provide, and maintain, at Consultant's own expense, for the duration of this Agreement, insurance against claims for injuries to persons or damages to property, which may arise from or in

connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

A. Minimum Scope of Insurance. Coverage shall be at least as broad as:

1) Insurance Services Office Commercial General Liability form No. CG 00 01 11 85 or 88, or equivalent.

2) Insurance Services Office Business Auto Coverage form CA 00 01 06 92, or equivalent, covering Automobile Liability, code 1 (any auto). If the Consultant owns no automobiles, a non-owned auto endorsement to the General Liability policy described above is acceptable.

3) Worker's Compensation insurance as required by the State of California and Employer's Liability Insurance. If the Consultant has no employees while performing under this Agreement, worker's compensation insurance is not required, but Consultant shall execute a declaration that it has no employees.

B. Minimum Limits of Insurance. Consultant shall maintain limits no less than:

1) General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage, including without limitation, blanket contractual liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage for all activities of the Consultant arising out of or in connection with work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rental vehicles.

3) Worker's Compensation as required by the State of California; Employer's Liability: One million dollars (\$1,000,000) per accident for bodily injury or disease.

C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City Manager. At the option of the City Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1) The City, its officers, officials, employees and volunteers are to be covered and named as additional insureds in respect to: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations

of the Consultant; premises owned, occupied or used by the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers.

2) For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insured maintained by the City, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

3) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees or volunteers.

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

5) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to the City. Consultant agrees to oblige its insurance agent or broker and insurers to provide City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

E. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City. Self insurance shall not be considered to comply with these insurance requirements.

F. Verification of Coverage. **Consultant shall furnish the City with original endorsements, specifically naming the City of Agoura Hills, its officers, officials, employees and volunteers as additional insured, effecting coverage required by this clause.** The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. The endorsements are to be on forms acceptable to the City. Insurance certificates and endorsements must be received and approved by City's Risk Manager prior to commencement of performance. Current insurance certificates and endorsements shall be kept on file with the City at all times during the term of this agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

G. Mailing Instructions. Insurance documents shall be mailed with the signed Agreement to the attention of the staff person indicated on the cover sheet of this Agreement, to the City of Agoura Hills, 30001 Ladyface Court, Agoura Hills, CA 91301. Executed Agreement(s) cannot be released nor may any work commence on a project until the signed Agreement and appropriate insurance documents are on file with the City Clerk.

10. INDEPENDENT CONSULTANT

A. Consultant is and shall at all times remain as to the City a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, agents, or volunteers shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the 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.

B. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

11. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of all local, State and Federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section.

12. RELEASE OF INFORMATION

A. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents or sub-consultants, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

B. Consultant shall promptly notify City should Consultant, its officers, employees, agents or sub-consultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under or with respect to any project or property located within the City. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review

prevailing party, as determined by the Court's judgment, shall be entitled to reasonable attorney fees and litigation expenses for the relief granted.

17. PROHIBITED INTEREST

No officer, or employee of the City of Agoura Hills shall have any financial interest, direct or indirect, in this Agreement, the proceeds thereof, the Consultant, or Consultant's sub-consultants for this project, during his/her tenure or for one year thereafter. The Consultant hereby warrants and represents to the City that no officer or employee of the City of Agoura Hills has any interest, whether contractual, non-contractual, financial or otherwise, in this transaction, or in the business of the Consultant or Consultant's sub-consultants on this project. Consultant further agrees to notify the City in the event any such interest is discovered whether or not such interest is prohibited by law or this Agreement.

18. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

19. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF AGOURA HILLS

Harry Schwarz,
Mayor

ATTEST:

Kimberly M. Rodrigues, MMC
City Clerk
Date Approved by City Council: _____

APPROVED AS TO FORM:

Candice K. Lee,
City Attorney

CONSULTANT

MGT of America, Inc.
2251 Harvard Street, Suite 134
Sacramento, CA 95815
(916)760-2483
burgess@mgtamer.com

By: 

Name: Steve Manders
Title: VP and Controller

By: 

Name: Fred Seamon
Title: Executive Vice President

[Signatures of Two Corporate Officers Required]

EXHIBIT A

TASKS TO BE PERFORMED

The specific elements (scope of work) of this service include:

2. Project Understanding and Approach

The City of Agoura Hills (City) has requested consulting assistance to prepare a comprehensive user fee study. The study will evaluate both current fees and identify potential additional fee changes or additions necessary to ensure proper cost recovery.

This study is an MGT of America (MGT) specialty. As a consulting group, we have delivered more of these analyses to more governmental jurisdictions than all of our current competition combined. We believe we can deliver all requested services to the City's complete satisfaction, and achieve the City's overall goals and objectives. **Our analysis will allow the City to meet its objectives of having a comprehensive and easily understandable cost analysis, legally defensible user fees, calculations that support full cost recovery of each current and potential user fee, and recommendations for the appropriate fees to be charged for each service.**

User Fee Study

The most important aspects of MGT fee studies are:

- **Superior Design:** Agoura Hill's fee-for-service offerings will drive which fees will be identified and studied. No other agency has your exact set of circumstances, history, political constraints, department personnel, and end users. MGT's project team will quickly identify all current and potential fee areas, determine the full cost recovery levels associated with each fee, determine how best to charge each fee to minimize complaints and maximize fair recoveries. We also want the fees to be easy to implement, and easy to understand by City staff and your citizens.
- **Transparency:** Our consultants have performed more user fee studies than anybody else in the nation. From the hundreds of user fee projects we have conducted, we understand that the best study is worthless if the stake holders believe the consultant plugged numbers into a black box and came up with an answer. Transparency is essential. That means every number in the study is easily traced back to its source. It also means that all stake holders understand how the project will be accomplished, and understand how MGT will arrive at its final results.
- **Experienced Project Management:** While there are many areas of flexibility and customization in our approach, the one area that we feel needs to be firmly structured and in place is the project management for this engagement. The basic concepts of this plan are as follows:
 - **Establish a realistic timeline.** Working with the City, we will jointly agree on a final completion date and work backward to establish internal and external deadlines and milestones.
 - **Understand and identify project choke points.** Before the project starts, we will explain where the most common choke points are in a project such as this. Understanding these dynamics at the start of the project will tend to mitigate any issues during the project. Any consultant that pretends that every project goes smoothly,

without issues either has not been a part of these projects in the past, or is dishonest. It is better to honestly approach probable issues and eliminate them as early as possible.

- **Communication Plan.** Great projects are scoped out tightly and that scope is supported by regular communications. We suggest that decision makers as well as all staff providing data for this project be involved in our communication plan. The communications will be in person, via telephone, e-mail, conference call, and video conference. The communication plan will be in lock step with the project timeline, and all deliverables.
- **Ease of Use:** Studies that sit on the shelf because they are confusing or the results are not trusted by the client are worthless. A common trap that agencies fall into is needlessly complicating their fee schedule. The best fees are easily understood by all parties and are simple to collect. The costing complexity can be in the background, but what the customers see needs to be simple.
- **Legacy Services:** A hallmark of the MGT approach is that we work with our clients to transition our user fee knowledge to them.
 - **Policy and Strategy for Updates.** Once your new fee schedule is in place, the City should review its policy related to annual user fee updates so the City has a virtually automatic way to allow fees to keep pace with inflation or other growth factors. MGT will provide the training necessary for the City to maintain up-to-date fee schedules going forward.

We will bring to this engagement our knowledge of cost recovery strategies, and we will review all services so no fee potential area is left undocumented. We understand that the best analysis that is not adopted is valueless, and we will work with staff to develop an effective implementation plan. Bottom line, the City will not be engaging just fiscal analysts, but experienced consultants who will work with you to design, and implement, optimum solutions.

Project Approach and Work Plan

The key individuals on our project team have managed and prepared user fee studies in California since the late 1980s. Our approach and detailed work plan are the result of decades of experience in providing user fee studies to California cities. We will analyze the City's user fees and all fee-for-service activities. Our studies comply with Government Code section 66014, Attorney General Opinion 92-506, and Propositions 218 and 26.

Goals of a User Fee Study

MGT understands that the City's request for a user fee study includes the following primary goals and objectives:

- Define what it costs to provide various fee-related services, both discretionary and non-discretionary in nature.

- Determine whether there are any opportunities to implement new creative fees. MGT maintains a propriety statewide data base of city fees. We will provide recommendations for new fees and new ways to charge fees based on our experience in other California cities.
- Identify service areas where the governmental entity might adjust fees based on the full cost of services and other economic or policy considerations. We will also perform an evaluation of the fee structure and policies to improve the efficiency of each relevant department's user fee system, improvements that would minimize receivables tracking, and strategies for minimizing subjective decision making related to fee use.
- Develop revenue projections based on potential increases (or decreases) to fees.
- Establish cost recovery and subsidy policies.
- Provide the City with a report that identifies the present fees, recommended fees (with alternatives if the Council wishes to provide subsidies), percentage change, and revenue impact and comparison information from the other relevant cities in Los Angeles County or other California cities that are comparable to Agoura Hills (up to five comparison cities are included in this proposal).
- We will also provide an on-site training session that will enable City staff to update fees on an annual basis.
- In addition, our team will provide the City with all of the documentation used as part of the fee study process, including all information used to determine proposed fees, the analysis and calculations performed, and the comparison fee documents. All documents will be thorough and sufficiently detailed to use in the event of a legal challenge. We will also provide the City with an electronic copy of the final study, and assist with preparation of staff reports/notices required for public hearings. The final model will also be provided which will allow the City to perform "what if" analyses in the future.

The Agoura Hills user fee study will calculate the full cost of all current and potential fee-for-services activities within the City. User fee services are those which the applicant (personal, business, organizational) receives a benefit that does not accrue to non-applicants. The underlying philosophy of the user fee study will be to identify the full cost of providing a service and then set a cost recovery and subsidy level that is appropriate to the market, service, department and goals of Agoura Hills.

Included in a user fee study are negotiated fees for which specific City staff time required to accomplish the fee can be identified. Excluded from a user fee study are fines, penalties, taxes, rates such as utility rates and impact fees.

User fee studies are dynamic models where both economic and societal forces intersect. On the economic side the recipients of some user fee services benefit monetarily and therefore, often the recovery/subsidy policy is to recover the full costs of those services. This is particularly true in development services. Policy-making groups across the country routinely set these fees to recover full, or close to full, costs.

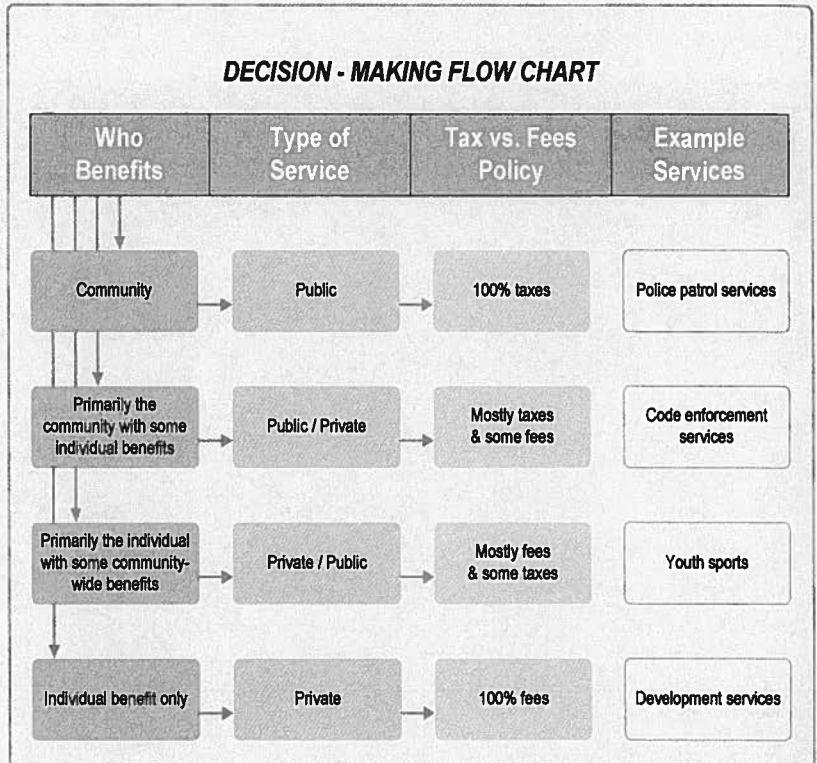
On the societal side, the recipients of other user fee services do not benefit monetarily, but rather more in a sense of quality of life or building of community and therefore, often the recovery/subsidy policy is to not recover but a fraction of the full costs of those services, such as recreation and library services. In our experience, policy-making groups routinely set these fees well below full costs.

The decision-making flow chart to the right provides the basic framework for determining whether a user fee should be implemented, and what relative level of cost recovery should be sought.

Not only do many user fee services fall somewhere in between a full cost recovery policy and a full subsidy policy, but every city has unique circumstances and requirements making a one-size-fits all or blanket user fee policy unrealistic.

Therefore, a user fee study must not just calculate the costs of providing services but also incorporate layers of decisions based on multiple variables such as the following:

- Elasticity of demand
- Practicality of collection
- Encouraging, or discouraging, consumption behavior
- Private sector competition



User Fee Study Work Plan

Current legislation and court rulings applicable to user fees are quite clear: user fees have to be fair and equitable. While specific methodologies are not mandated or suggested, fees may be based on reasonable estimates, and reasonable determinations are acceptable.

MGT consultants have been engaged in delivering cost of service studies for nearly 30 years. We develop the user fee costs from the “bottom-up,” building the costs component by component to arrive at legally defensible fees. The “bottom-up” approach provides four significant benefits.

- MGT’s approach ensures that 100 percent of all time for all department, division, section, or unit personnel is identified and accounted.
- All costs—user fee service related or not—are included in the study.

- Checks and balances are installed to ensure all personnel time and associated costs are captured and distributed accurately not just on a high-level percentage basis.
- The methodology is completely transparent with a clear and easily understandable identification of all time and associated costs for all department personnel, services, and activities.

On-Site Data Gathering Process

MGT uses a consolidated, in-depth partnership approach to engagements. Our consultants work closely with client staff to design requirements, obtain data, review results, and make corrections.

Since we take the time to work with our clients to develop every cost of service analysis, we understand the process it takes and the operations involved in providing local government services across all disciplines. Our consultants understand the processes and can provide immediate feedback to clients who are unsure how their data compares to other jurisdictions. We work jointly with our clients to develop analyses that are defensible and reasonable representations of the true cost of providing government services.

This approach to data gathering involves extended on-site meetings with departmental staff where we inquire about work processes associated with fee activities. During these meetings, the user fee model is created and customized in real-time using the departmental input. By having the model open during the meetings, departmental staff can see how the data they are providing is being utilized in the calculations.

We have found that spending more time on-site with our clients during the data gathering and model development stages of the project produces information that is more quickly obtained and of higher quality. From start to finish, the process reduces by 25% the amount of time your staff needs to dedicate to this project—a result of direct MGT-client interaction combined with using technology in a smarter way.

User-Friendly Spreadsheet Calculation Model(s)

We use spreadsheet user fee models that are designed to be easy to use, yet powerful enough to handle even the most complex of fees. The models are extremely flexible and able to accommodate organizations of vastly different sizes. The model that we create will be fully customized to accurately reflect the unique aspects of your organization.

Our model allows the cost of services to be analyzed at the unit cost level, or on a program-wide basis where desired. The model accommodates the ability to individually control all types of costs, including personnel costs, contract costs, direct materials, departmental support costs and allocated indirect costs, and includes several self-checking audit formulas. This allows the model to calculate fees that are both accurate and comprehensive. User fee models from other firms often combine some cost categories at the expense of the accuracy of the calculated fees.

Comprehensive Calculation Methodology

A guiding principle of MGT fee construction is to design an analytical calculation that is defensible, yet flexible enough to complete the analysis within a reasonable timeframe and without unduly impacting the other work requirements of client staff.

There are various methods used to calculate user fees, the primary two used by MGT are:

- **Proportionate Cost:** In this method, the time to complete activities within a particular department is divided by the total time available; then correlated to the number of units processed for that activity.
- **Fixed Time Cost:** In this method, the average cost is determined through the calculation of a productive hourly cost rate for each staff position. The productive hourly cost rates are then applied to the time to complete activities within a department. This not only has the benefit of continuity, but it can also be used to forecast required staffing workloads as volume changes. Two critical requirements of this approach are the proper development of the productive hourly rate, and the capturing of all fee and non-fee activities within any single budget unit.

MGT uses highly detailed calculations to produce Fixed Time costs as the most defensible and practical method. We conduct extensive on-site interviews with our client's staff both in the data gathering stage and the review stage. All data is derived from the client's sources. We do not rely on examples from other studies or "industry standards" to calculate fees. We use documented information, such as unit volume where available, and best estimates from client's staff where data has not been historically collected.

In our hundreds of studies—our consultants first began analyzing user fees in 1983—we have never had a single study challenged due to the final fee calculation. Any and all public discussion has related to the cost recovery and/or subsidy levels.

Fixed-Time/Deposit Model

There are three primary components to the MGT fixed time/deposit-based user fee model: hourly cost rates, time-to-complete tasks, and unit volume. The hourly cost rates and the time-to-complete statistics determine the full cost of the service; the unit volume component assures accuracy via internally produced balancing to ensure that total fees collected do not exceed total costs.

Productive Hourly Cost Rate

The productive hourly cost rate is perhaps the most critical of the three primary components. It is developed by dividing the full cost of each staff position by the number of "productive" hours per employee per year.

The number of productive hours is developed by initially subtracting all non-work hours from the number of hours each employee is paid (generally 2,080 hours for a full-time employee). These time deductions include vacations, holidays, sick time, plus training, internal and external meetings, internal administration, and any structured "nonproductive" time, such as public counter staffing. For many departments, these time reductions result in an average of approximately 1,500 net available or "productive" hours per employee per year. The sum of each of these cost components is shown as the

Total and represents the fully loaded hourly cost rate of each position that is used in the user fee calculations. An example of the hourly cost rate schedule with each component is shown below.

Task Time

During our on-site meetings, we will work with department staff to develop a time analysis that identifies the amount of time spent by each staff position on all departmental tasks—both fee and non-fee. The figures from the time analysis can then be applied to the productive hourly cost rates to arrive at a full cost for each service. To recognize that some tasks are performed by more senior level positions than others, the user fee model applies task time to costs at a position level. This is much more accurate than the alternative of applying task time to an average hourly rate for the entire department. The discussions involved in identifying estimated times for each task encourages staff to review their processes and identify potential operational adjustments that often improves service delivery. Since our consultants have worked with many organizations and have experienced a variety of service delivery methods, they are happy to share ideas and provide examples of best practices in service delivery across all departments.

The primary benefit to this approach is that position level task times allow for increased accuracy of fee calculations.

Volume

The number of occurrences of each fee and non-fee activity over the studied period is gathered from department staff. The full cost for each activity is then multiplied by the volume to estimate revenue and assure that fees collected do not exceed the full cost of providing the services. Because the unit volume of a fee activity can change substantially over time, this component of the calculation is vital to the overall integrity of the user fee calculation process.

Including the unit volume in the user fee calculations also provides an important double-check of employee task times. The task times for each activity are applied to the unit volume to calculate the hour's utilized metric for each employee. The hours utilized is then compared to the targeted hours for each employee to identify any remaining available hours. This metric must balance for each departmental employee to ensure all costs have been identified to activities and for the analysis to be finalized. Two major benefits to the MGT approach are easy annual revenue projections from these calculations, and an automatic validation of employee task times by ensuring all available staff time is recognized.

Summary of Costs and Fees

The end result of the calculations is a summary schedule of full costs and fees, divided into two distinct snapshots: current recovery and the potential impact from recommendations.

Developed with input from your staff, the recommendations section provides instant feedback for decision makers as to what the subsidy will be for a service if fees are set at less than 100% recovery. By entering varying recovery levels, the model will re-calculate the fee and provide updated information regarding:

- Expected Annual Revenue
- Expected Increase Over Current Revenues
- Expected Annual Subsidy

Timeline

MGT can provide the City with a completed user fee by the end of 2016. We believe this timeline is rationale and achievable. MGT's "structured immersion" technique of on-site data development assures the most efficient path for completion of the engagement, and at the same time, weaves client management and staff into the process. The first half of the user fee study will involve initiation, training, data collection and verification, and production of the draft user fee study. There is then an iterative process that fine tunes the data as the team works toward producing final user fee totals. The second part of the fee study focuses on policy considerations, fee recovery philosophy, alternative fee strategies, budget impacts, staffing, and fee approval and implementation. Throughout the process, our consultants are project facilitators, subject experts, quantitative analysts, and an outside consultant assisting all parties to the desired outcome.

Project Phases

Phase I

Scoping the Project – The process begins with a meeting of City principals and MGT. This meeting will refine project objectives, scheduling issues, and potential pitfalls. We will review our process and data requirements, and make sure that the engagement participants fully understand how the analyses are constructed. Finally, we will review desired outcomes and deliverables to ensure everyone is on the same page.

Depending on project requirements, we may independently meet with user fee impacted groups to address their concerns. This process gives us a better understanding of the local issues, or any other nuance that was not included in the RFP.

Decision Point: Fee Structure Choices – Agoura Hills may desire to adjust methodologies related to certain categories of fees. As an example, in our 2010 Los Angeles County study, their environmental health agency switched to a risk-based fee approach for costing restaurant inspections. Previously, restaurant fees were based on occupancy with no consideration for the risk associated with each facility. After discussing the issue with LAEH staff, a new fee structure was proposed that accounts for, and incorporates risk variables such as the number of food handlers, type of food being served and type of ingredients. MGT and LAEH believe this risk-based fee structure created a tighter correlation between the level of service being received and the fee being assessed. We would be happy to discuss the merits of various costing options with your staff, as well as being open to new ideas or hybrid fee structures. Fee structure decisions will need to be made during the first two to three weeks of project initiation because the structural choices will frame data collection and calculation decisions.

During this phase, we will also finalize the work plan, project milestone schedule and task responsibilities.

Phase II

Initial Meetings and Analysis – This phase involves developing the (potentially restructured) fee schedule, the productive hourly rate calculation, and the departmental-specific task designations. Unit volume information will be requested. These initial meetings are the most crucial of all subsequent meetings. MGT arrives at these meetings with the client's budget data already loaded into the user fee model(s).

Calculation and Review Meetings – These meetings will concentrate on inserting time estimates provided by client staff in the models. The net annual productive hours available for each staff member focuses the time estimates to assure that answers reflect neither the best nor worst case situations. It is possible, but unusual, for the model to be balanced during this meeting and follow-up sessions are typically required. At this point the consultant is not concerned with actual fee amounts, only that the model time-balances.

Based on the data gathered during these meetings, MGT will calculate draft fee results and meet with department staff to review the results.

Phase III

Analysis Revision and Finalizing - It may be necessary to have a second, third, or fourth data review session to make sure that numbers balance and staff is comfortable with the results. At this point the model produces actual/final fee costs and staff begins to review current recovery rates, design an implementation plan, and identify the specific fees to be recommended. Many of the qualitative assessments requested by the City in the RFP will be performed at this step.

Phase IV

Final Report and Presentation – After the primary study group is comfortable with the results, the data is presented to senior management for review and comment. When complete, a draft and then final report is developed. Our report includes the following elements.

- Methodology and cost components utilized to perform the study.
- Economic and policy considerations.
- Summary of findings – which include:
 - Full cost and current recovery level of each service analyzed
 - Present and recommended recovery level for each service
 - Forecasted annual revenue based on recommended fee levels, as well as percent change for each service
 - Narrative of any highlights or significant adjustments to fee structures

- Comparison with other agencies of comparable size/demographics in the State with special consideration for comparable fees from other jurisdictions in Los Angeles County (up to five agencies).

At the conclusion of the study, MGT will deliver an electronic copy of the final report along with an electronic version of the costing model. We will also provide five bound final reports, one unbound as well as any Word or Excel files used as part of the study. The user fee model will provide the City with the ability to calculate estimated costs of providing services under consideration in the future. We will also train staff on the use of this model, as well as discuss any unresolved implementation or update issues.

Detailed Work Plan Narrative

This section of the proposal identifies MGT's understanding of the City's requirements for the user fee study as described in the City's RFP. Our team will perform the following:

- Review of financial policies, including cost and recovery objectives.
- Review fee structures and charging methodology.
- Evaluate and update the cost of service hourly rate models, shared administrative costing model and overall financial model.
- Review of existing fee structure, including deposits and hourly rates, one-time flat fees, valuation and fixture based fees.
- Consider simplification or amplification of the fee structures.
- Provide recommendations for updated fiscal policies and create financial policy documents.

Following is a detailed work plan task narrative that identifies and describes the tasks necessary to complete the user fee study.

1. Conduct introductory meetings with relevant personnel.

Meet with City personnel who have responsibility or a high interest in the user fee study. This meeting will refine the specific objectives, requirements, measurements, and schedule of the user fee study, and will establish the overall objectives of the study. We consider this meeting vital to successful project results including acceptance by department directors and officials as well as the City's elected officials.

2. Issue project memorandum.

Based on the outcomes from Task 1, write and issue a memorandum documenting the project scope, time line, activities, participant responsibilities and other related information as necessary.

3. Collect basic financial data.

Collect and compile financial data such as expenditure statements, budgets, and salary reports. We will work with City personnel to develop and gather the needed data in the

most efficient way possible. This data will provide the foundation for developing the total costs, direct and indirect, associated with each user fee service identified in Tasks 4 and 5.

4. Catalog all existing user fee activities.

Create an inventory of all the user fee services provided by the City.

5. Identify potential new user fee services.

Using our experience in other jurisdictions and our extensive data base of fees, we will create an inventory of potential new user fee services that are currently provided by the City, but have no corresponding current revenue.

6. Issue an inventory memorandum.

Based on the outcomes from Tasks 4 and 5, write and issue a memorandum documenting all user fees within selected departments within the City. This inventory will establish the scope of the services to be included in the cost analysis.

7. Develop data gathering workbooks.

Using the financial and staffing information and user fee inventory collected in earlier tasks, MGT will develop data gathering workbooks to be used when interviewing City personnel. MGT will pre-populate our Excel-based user fee model with staffing and budget information, user fee services, and other support or non-fee related functions. These workbooks are extremely helpful in facilitating discussion about how user fee services are provided, and will also provide the City with a comprehensive view of resource allocation and utilization for each department included in the study.

8. Interview departments, divisions, sections, or units providing user fee services.

Interview City personnel providing the user fee services identified in Tasks 4 and 5. In these interviews, we will determine the following information related to the user fee services provided:

- A unit of measurement for each user fee service provided.
- The number of units provided during the fiscal year.
- The personnel providing each user fee service.
- The amount of time spent to provide one unit of a user fee service.
- The amount of time spent per year providing all user fee services.

In an individually designed meeting format (individual interviews, group interviews, etc.) verify that 100 percent of all time for all department, division, section, or unit personnel is identified and accounted. This extra step, not completed by most cost consulting firms, ensures that all costs—user fee service related or not—are included in the study.

9. Calculate initial user fee schedules.

Enter data into the firm's user fee calculation model, including data collected from the City's existing full cost allocation plan. We will then calculate the full direct costs and indirect costs of each existing and potential new user fee service.

The user fee schedules created in this task are extremely detailed. Every cost component of the user fee service is identified and supported by detailed, yet clearly and concisely presented calculations.

10. Conduct internal review of the draft fee schedules.

Undertake an internal review process to raise the accuracy of the user fee schedules. This review includes the following steps:

- A formal review by the Project Director of the study's assumptions and output.
- Compare user fee calculations to prior studies, if available. Variances are identified, researched, understood, and explained to relevant individuals. The comparison and variance analysis between years, which is available to City personnel, raises the accuracy of project results.
- A final review of the user fee model by a project quality assurance consultant. This experienced consultant, although not directly involved in the project, has a fresher perspective of the project than does the lead and project consultants. This perspective incorporates knowledge from dozens of similar projects.

11. Present initial calculations to departments and stakeholders.

Review the initial user fee calculations with personnel from each department, division, section, or unit; make changes as required.

Although the user fee schedules are fairly detailed, our consultants will spend as much time as requested with City personnel to fully explain the cost components of each user fee service. Our experience in conducting hundreds of these types of reviews helps facilitate this step.

12. Recalculate and review user fee schedules.

Recalculate data as required. Some departments require only one or two drafts and review. Other departments require several drafts and review. Calculations will not be considered final until department, division, section, or unit personnel fully understand the calculations and fully support the final results.

13. Develop recommendations for fee adjustments.

MGT will work with City personnel and stakeholders to review and apply existing policies regarding cost recovery. Recommendations for modifications to the City's policies for cost recovery of user fee services will also be considered.

City officials will consider many factors when deciding to adopt or modify a user fee policy. These factors could include:

- A desired policy to establish user fees at a level that permits lower income groups to participate in services that they might not otherwise be able to afford.
- A consideration of community-wide benefit versus specific benefit.
- In conjunction with the second point above, the issue of who is the service recipient versus the service driver should also be considered.
- Elasticity of demand increasing the price of some services results in a reduction of demand for those services, and vice versa.
- Public-sector agencies monopoly on providing certain services within its boundaries, such as development-related services.
- Pricing services that encourage or discourage certain behaviors.

We bring to this project experience from many similar projects that will assist City officials not only to understand the relevant factors involved but also to integrate the factors involved in determining City policies.

14. Prepare final user fee schedules.

Prepare final user fee study summary schedules displaying costs and revenues of each existing and potential user fee service. The user fee summary schedules will include the following information:

- A comprehensive list of all user fees by department
- Annual volume statistics
- Current fees charged
- The full cost of providing each user fee activity
- The subsidy (or over-recovery) of each fee
- Recommended adjustments to each fee
- Potential revenue impacts, on a fee-by-fee basis as well as in total for each department

15. Benchmark comparable fees to comparable jurisdictions.

Complete a survey of comparable jurisdictions (up to five cities) for comparable fees. Based on collected data develop a matrix schedule documenting the City's fees compared to surveyed jurisdictions. This survey will help identify as well as validate potential new fees.

16. Prepare and deliver summary of findings.

The user fee study results will be incorporated into a comprehensive management report. This report will include the following sections:

- Study scope and objectives.
- Fiscal results of the analysis and revenue projections for the City.
- The methodology used to calculate the cost of user fee services.
- Summarized user fee schedules for each department, as described above.
- All detailed calculations will be provided in a separate book.

- Confirmation of or recommendations for revisions related to existing or new financial policies.
- Development of financial policies in MS Word that will be delivered to the City. All deliverables are the property of the City.
- Updated cost of service models, including hourly rates and the shared administrative allocation model based on agreed to financial policies. This deliverable will be in MS Excel.

17. Present results to city officials.

Present, or assist in presenting, the final study results to City officials as requested. One final presentation is included in this proposal.

18. Provide copies of documents and materials.

Copies, bound, unbound, and electronic the various deliverables will be provided to the City per RFP requirements.

19. Transfer of knowledge and cost of service models.

Provide the final copies of the customized Excel-based cost of service models for future use by the City.

20. Provide continuous guidance, and assistance.

A hallmark of our client-centered approach is our desire to provide guidance, and assistance to all appropriate City officials and personnel on reading, understanding and applying the results of the user fee study, and the associated schedules and calculations.

Description of Deliverables

- I. The final user fee report will represent the City's cost recovery policy, including recommendations for current and new fees. The report will include:
 - An executive summary of the results of the user fee study.
 - Detailed schedules documenting:
 - A description of each service provided.
 - Summarization of full cost composition, present cost recovery, and cost/revenue analysis by department.
 - Summarization of a comparison of current user fee levels to the full cost of that service.
 - Summarization of various fee alternatives with associated impact on revenue generation and cost recovery including applicable comparative data relevant to public policy issues.
 - Summarization of all user fee charges and rate increases for the City and projected current revenues and increases in revenues.

2. A final user fee report (up to five bound copies, one unbound copy, and a PDF version). The final project will represent the City's cost recovery policy including recommendations for current and new fees.
3. All documents in MS Word and Excel used as part of this study.
4. Updated cost of service models, including hourly rates and the shared administrative allocation model based on agreed to financial policies. This deliverable will be in MS Excel.
5. Copies of project work papers as requested.
6. Electronic copy of updatable Excel-based user fee models.
7. Training, guidance, and assistance in updating our user fee models.

Proposed Project Schedule by Task

The City's RFP suggests a start date of April 18th, 2016, and a final completion target date of December 1st, 2016. MGT will be happy to work with the City to develop a detailed timeline that work best for you. This schedule allows for ample time for the consultant and City management and staff to work through the process described in this proposal. Shown below is MGT's proposed timeline for the engagement by major task.

City of Agoura Hills Comprehensive Fee Study	June	July	August	Sept- Oct	Nov- Dec	On- Going
1. Introductory Meetings						
2. Issue Project Memo						
3. Collect Core Data						
4. Catalog Existing Fees						
5. Identify Potential New Fees						
6. Issue Fee Inventory Memo						
7. Develop Data Workbooks						
8. Department Interviews						
9. Prepare Draft Fee Schedules						
10. Conduct Internal Review						
11. Present Draft Calculations						
12. Review/Revise Drafts						
13. Develop Recommendations						
14. Prepare Final Fee Schedules						
15. Develop Comparison Survey						
16. Prepare Summary of Findings						
17. Present Results						



18. Provide Copies and Materials						
19. Provide Model/Methodology						
20. Provide On-Going Assistance						

3. Firm Qualifications

MGT of America

MGT of America is a private corporation owned by the current and retired partners, principals, and consultants of the firm. The advantage of this ownership structure to our clients is that every member of the firm has a vested interest in the successful completion of every project, for every client. Additionally, this ownership structure creates a mindset that permeates through every MGT owner: we are continuously building a growing, yet stable firm based on trusting long-term relationships, both within our own firm and with all of our clients.

MGT began operations in 1974, and have judiciously expanded our consulting capabilities over the years. The firm currently provides services in: information technology, disparity studies, criminal justice, facilities analysis, and financial (costing) analysis to state and local governments. We currently have 50+ professionals throughout the country. Our headquarters is in Tallahassee, Florida, with major regional offices in Sacramento (CA), Denver (CO), Olympia (WA), and Bay City (MI). Our annual consulting revenue is approximately \$15 million firm wide.

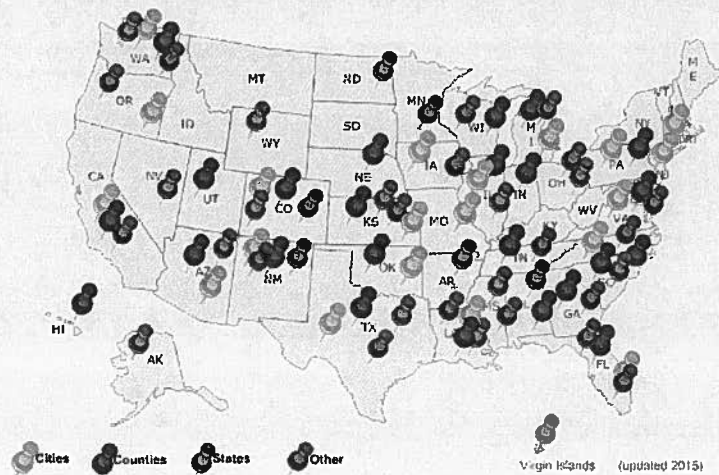
The proposal and contract negotiator for this engagement is J. Bradley Burgess. Mr. Burgess is the MGT executive vice president who is responsible for MGT Financial Services national practice. Fifteen of the thirty-two costing consultants are based on the west coast. The proposed project manager for this engagement is Erin Payton. Ms. Payton is a director with our firm and has performed more user fee projects than any other consultant in the nation.

MGT Financial Services

MGT Financial Services is comprised of consultants who have performed cost allocation plans, user fee studies, state mandate cost reimbursement claiming (CA only), jail rate analysis, and indirect cost rate proposals for over 30 years.

The United States map to the right shows MGT's national scope and coverage of our primary costing services product lines.

MGT Financial Services is based in Sacramento, California. The bulk of our experience performing cost allocation plans and user fee studies has been with Southern California cities. Our practice maintains a database of user fee and past studies. Our project teams have access to more user fee comparison data than any other company.



Costing Focus and Expertise

MGT understands cities like Agoura Hills. We do more city user fee studies and cost allocation plans than any other firm, and the majority of those clients are of similar size to Agoura Hills. Our consultants have direct experience designing new user fee charging formats, which will be a critical knowledge base for this assignment. We continue to set the standard for creativity and commitment to our client's goals, qualities that sets MGT apart from all competitors.

CONSULTANT	OFFICE	COST PLANS	USER FEE	SB90	STATE-WIDE CAPS	STATE ICRRS	TITLE IV-D/ TIME RPT	UTILITY
Michael Adams	Remote - Southern California	10	10					
Sara Beemer	Remote - Southern California	10	10					
Dawn Bock	Michigan Office	10					9	
Brooke Brandenburg	Remote - Mid-West	14						
Chris Brunette	Sacramento Office			7				
Guy Burdick	Sacramento Office		3	12				
Brad Burgess	Sacramento Office	13	13	25				
Mark Carpenter	Texas Office	27	27					
Elise D'Auteuil	Texas Office	23			23	21	13	
Patrick Dyer	Sacramento Office	11	11	14				
Gary Elley	Remote - Mid-West	7						
Michelle Garrett	Colorado Office	6						
Diane Hancock	Sacramento Office			7				
Diona LaChapelle	Sacramento Office			15				
Kristle Leahy	Michigan Office	12					12	
Dianne Mazo-Jones	Remote - North Carolina	31						
Jerry McKenzie	Remote - Mid-West	27	27					32
Frank Murphy	Remote - Southern California	8						
Joel Nolan	Remote - Arizona	33	26		26	26		
Jim Olson	Michigan Office	31	31		31	31	31	
Parul Patel	Remote - East Coast	8	8					
Eric Parish	Colorado Office	25	25	13		8		8
Erin Payton	Portland Office	27	27	5				
Christine Reynolds	Sacramento Office	15		15				
Auben Rivers	Sacramento Office	2	2	2				
Bret Schlyer	Remote - Mid-West	18	18	5	18	18	9	7
Cindy Sconce	Sacramento Office	2	2	11				
Shirley Sewell	Texas Office	30	30		23	22	14	
Donna Smigiel	Michigan Office	27					27	
Gordie Stryker	Michigan Office	18	18				17	
Brett Swendig	Remote - Mid-West	4	4					
Jeff Wakefield	Sacramento Office	25	25					
J Bradley Wilkes	Remote - Mid-West	30	30					
Total Years Expertise per Specialty		504	347	131	121	126	132	47
Total Consultants per Specialty		26	19	11	7	8	9	4
Average Years per Consultant		19	18	12	17	16	15	12

MGT has the deepest consulting bench in the local government cost and revenue industry. This depth assures our clients that: (1) MGT has the ability to complete the assignment no matter what happens to any one particular consultant, (2) if a project time-line has to be advanced, MGT has the resources to commit additional staff to the engagement, and (3) with a combined 504 years cost plan experience and combined 347 years user fee experience, there are no issues that our team has not addressed, and that expertise is only a phone call away.

Jeff Wakefield assisted the City with a fee study seven or eight years ago. Our consultants have worked with every city in Ventura County over the past decade, and several on an annual basis.

List of Recent User Fee Study Clients

The client list on the following page is a representative sample of our California studies over the last seven years. An unabridged client list is available upon request. Please note that the projects listed are engagements that current MGT consultants have completed. These are not “corporate” qualifications of projects performed by departed consultants, as is frequently the case with other firms in the market that boast large client lists.

- Agoura Hills
- Alpine County
- Antioch
- Arcata
- Burbank
- Calabasas
- Campbell
- Ceres
- Culver City
- Cupertino
- Daly City
- Dixon
- Eastvale
- Emeryville
- Encinitas
- Folsom
- Fortuna
- Fremont
- Galt
- Healdsburg
- Huntington Beach
- Inglewood
- Irvine
- La Habra
- La Mesa
- Livermore
- Lodi
- Long Beach
- Los Alamitos
- Los Angeles
County EH
- Madera Co Animal
Control
- Marin County
- Modesto Dev Dpt.
- Monterey Co
- Newport Beach
- Oakland
- Orange Co. Clerk-
Recorder
- Orange Co. Fire
- Orange Co.
Treasurer-Tax
- Palo Alto
- Pomona
- Pittsburg
- Pleasanton
- Rancho Cordova
- Redlands
- Redondo Beach
- Riverside
- Roseville
- Sacramento
- San Diego
Engineering
San Diego
Development
- San Diego Port
- San Francisco
Building
- San Mateo County
- Santa Ana
- Santa Barbara
- Santa Barbara Co
- Santa Clara
- Santa Monica
- Santa Rosa
- South Lake Tahoe
- Vallejo
- Vista
- Whittier
- Yuba City

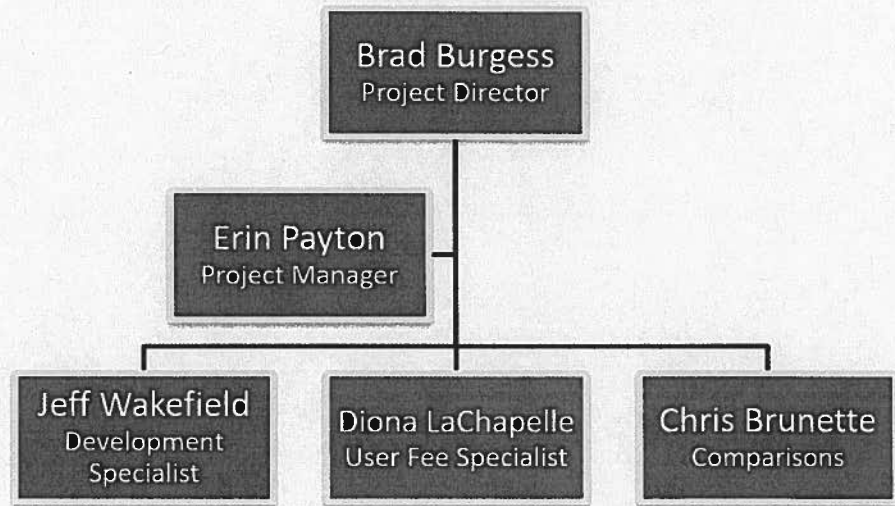
4. Staff Members

Project Team

While the qualifications and experience of a firm are important, perhaps more important are the knowledge and experience of the proposed project team. The proposed project team combines rich, deep knowledge and experience in preparing user fee studies on the West Coast.

All personnel engaged in this project will be full-time MGT employees. We will not be using the services of any other firm or subcontractors for this project.

Mr. Brad Burgess,
Executive-in-Charge &
Project Director



Mr. Burgess is the Executive Vice President responsible for MGT Financial Services. He will serve as the project director for this engagement. He will be responsible for making sure that this project is staffed properly, ensuring the City's goals and objectives for this study are achieved, and that Agoura Hills will be unconditionally satisfied with the services received from MGT consultants. Mr. Burgess is an expert in project management, having managed or directed over 340 consulting projects over his 26-year career. He has taught hundreds of government finance official's indirect cost theory and application through numerous training sessions. He is a frequent presenter at conferences and workshops for clients, state and local governments, and state associations.

Ms. Erin Payton, Project Manager

Ms. Payton is a Director with MGT of America, and will serve as the project manager and primary contact for this engagement. In this role Ms. Payton will attend on-site interviews, training and coordination over the life of this engagement. She will assist with department interviews, scheduling, data collection, follow up phone calls and e-mails. Ms. Payton will also closely monitor the project timeline against milestones and deadlines.

Ms. Payton has 29 years of experience providing public-sector consulting services. She manages our West Coast cost plan and user fee practice. She has a background in local government consulting focusing on cost allocation development, user fee rate calculations, and jail rate studies. She is the one of the most experienced cost analysts in the western United States, having completed more than 200 cost plan and user fee studies for local governments. Prior to joining MGT, she was a senior manager for management consulting firms PRM, Maximus, and DMG.

Mr. Jeff Wakefield, Development Services Expert

Mr. Wakefield is a Senior Consultant with MGT, and will serve as a development services expert for this engagement. He has been exclusively engaged in local government cost analysis for 25+ years and has been project director and/or lead consultant for scores of user fee engagements throughout California, including Agoura Hills. Mr. Wakefield will be fully involved and conversant in all details of the project, but will focus the majority of his attention on Development Services. Mr. Wakefield will conduct meetings with City personnel, perform data collection, calculate costs of existing and new for-fee services, and estimate fee-for-service revenues. He will prepare draft reports, and review draft and final reports with City officials.

He is a recognized industry expert in user fee methodology and application for development departments (Planning, Building, and Engineering). Mr. Wakefield has developed several costing methods, and has refined others. He is very familiar with Building Valuation Data (BVD) which is produced by the International Code Council (ICC).

Our firm is intimately familiar with every costing methodology related to building user fees. Mr. Wakefield uses valuations and square footage models, as well as hybrid costing models for building department fee schedule development. He developed the Nexus costing model for local agency consulting use over 17 years ago.

In addition to his thought leadership in related to Nexus, Mr. Wakefield presented information related to "best practices" in user fee construction to a California state legislative committee hearing in 2006. In February 2012, he conducted a workshop on user fee methodology for the California League of Building Officials (CALBO) that was attended by over 80 building officials.

While Mr. Wakefield's qualifications in the development area are exceptional, he is also equally well versed in fee identification and calculation in other municipal departments. This Sacramento-based expert has been project director and/or lead consultant for more than 75 user fee engagements.

Recent user fee projects Mr. Wakefield has conducted include: City & County of San Francisco Building, City of Vallejo, City of San Marcos, City of Palo Alto, and Sacramento County Environmental Health.

Ms. Diona LaChapelle, User Fee Specialist

Ms. Diona LaChapelle is also a Senior Consultant with MGT and will serve as a user fee consultant for this engagement. She works in the Ventura County area throughout the year with Oxnard, the City of Ventura and others. She brings exceptional organizational and interpersonal skills to this study and will be a significant asset to this user fee study.

Ms. LaChapelle has over twelve years of cost of service consulting, and cost allocation studies. She also has an extensive background in preparing indirect cost rates and overhead cost allocation models.

Mr. Chris Brunette, Comparisons and Surveys

Mr. Chris Brunette is a Consultant with MGT and provide all comparison and survey analysis for this project. Mr. Brunette has over seventeen years of public agency consulting experience and is especially

skilled with data acquisition and comparison. He will assist the City to determine the proper group of fees to analyze and perform a definitional analysis to help ensure apples-to-apples comparisons. The final comparison analysis will provide the City with information and perspective that is difficult to obtain without Mr. Brunette's expertise and perspective.

Resumes

Following in this section are resumes for each member of the proposed MGT team.

5. City Staff Support

City Responsibilities

We view this engagement as a partnership with Agoura Hills. As with any partnership, all participants play distinct roles. The **consultant's role** is to provide the study's operating framework, technical expertise, and institutional knowledge; perform all data processing; provide recommendations; and assist in the implementation process. The **client's role** is to provide specific information regarding current processes and activities. State law requires that a fee schedule must reflect the particular jurisdiction's specific costs, and not "industry-wide" averages. Obviously, only the client's staff has this information. The client is also responsible for reviewing data output and recommendations.

It is typical for any one client staff member to not have to spend more than three hours in total on the analysis. The client's lead project manager typically spends more time, and the length of that time is directly related to their desired participation.

We encourage our clients, and especially the lead staff member, to participate in all meetings. We attempt to do as much data input on-site and welcome clients looking over our shoulder. There is no black box in our computer models, and this greatly assists in the knowledge transfer. Our proposal includes both formal training, as well as anecdotal training client staff as we do the work. This active involvement means that the City will have well-versed, project-knowledgeable city staff member who should be able to perform future updates.

Project Assumptions

Our work plan and cost proposal for this project were developed based on several key assumptions about the project. We welcome the opportunity to meet with the City's project manager to review these assumptions, validate or adjust these assumptions based on more complete information, and adjust the work plan and/or cost proposal accordingly. Following are our key assumptions.

- The City will designate a project manager for this project. This person will function as the primary point of contact for the project, and coordinate and facilitate the reasonably prompt flow of information and communication between the City and MGT.
- MGT will have reasonable access to City staff during normal business hours, as well as timely access to City organizational data.
- The City will furnish MGT with all the necessary financial reports and other data necessary for the completion of the project. All costs and other data provided by the City will be considered accurate and valid.
- The scope of the project is provided in the City's RFP and MGT's proposal. Any services required or requested by the City will be provided under a separate agreement.

6. Fee Proposal

(See separate sealed envelope.)

EXHIBIT B
PAYMENT RATES AND SCHEDULE

Not to exceed \$30,000

7. Subcontractors/Business License/Insurance

MGT is not proposing to use any subcontractors for this project. MGT of America is authorized to do business in the state of California and will obtain any required City license upon award. MGT of America meets all insurance requirements as stated in the City's RFP.

8. References

A Fair and Honest Approach to References

We often hear that multiple firms claim the same clients and projects in their proposal reference sections, making it very difficult for public agencies to differentiate between bidders. There is only one ethical way to present your consultants' and firm's professional experience. References and projects need to be accurately identified as either "current" or as "historic." Anything short of that standard is misleading and unethical. Projects performed five years ago by staff no longer at a given firm cannot accurately be referred to as "current" or "relevant."

The references and projects provided in this proposal include only active clients. We strongly encourage the City to investigate each firm's references carefully to ensure that all projects listed are active and that the staff members who performed those projects are still with that firm. We believe this standard provides a reasonable method for prospective clients to properly and fairly judge the true experience and expertise of each competing firm.

<p>City of San Francisco Ms. Claire Phillips Performance Analyst Office of the Controller 415.554.7569 Claire.phillips@sfgov.org</p> <p>Timeframe: Mr. Wakefield worked with the City of San Francisco since 2014 to present.</p>	<p>Summary of Work Performed: Building Permit/ Plan Check Fee Study. Prepare a cost of service study, interviewing city staff, data collection, developing the cost of services on a full cost, per-unit basis, comparing the cost of services to the current fee levels, developing and presenting recommendations on potential fee changes to city staff and elected officials.</p> <p>Percent Completed by MGT: 100% of services are completed by MGT. Jeff Wakefield is the lead MGT consultant.</p> <p>Adherence to Schedule and Budget: The project deliverables were provided within the project schedule at the negotiated fixed fee.</p>
<p>City of Encinitas Mr. Tim Nash Director of Finance 505 South Vulcan Avenue Encinitas, CA 92024 760.633.2772 TNash@encinitasca.gov</p> <p>Timeframe: Ms. Payton has worked with the City of Encinitas in 2006, 2009, 2011, and 2015.</p>	<p>Summary of Work Performed: Prepare a cost of service study, interviewing city staff, data collection, developing the cost of services on a full cost, per-unit basis, comparing the cost of services to the current fee levels, developing and presenting recommendations on potential fee changes to city staff and elected officials.</p> <p>The study included identifying and documenting new fees. The study also included testimony by MGT consultants on behalf of the City defending a fee challenged by a citizen. The fee was upheld.</p> <p>Percent Completed by MGT: 100% of services are completed by MGT. Erin Payton is the lead MGT consultant.</p> <p>Adherence to Schedule and Budget: The project deliverables were provided within the project schedule at the negotiated fixed fee.</p>

<p>City of La Mesa, California Ms. Yvonne Garrett Assistant City Manager 8130 Allison Ave La Mesa, CA 91942 619.667.1105 ygarrett@ci.la-mesa.ca.us</p>	<p>Summary of Work Performed: Prepare a cost of service study, interviewing city staff, data collection, developing the cost of services on a full cost, per-unit basis, comparing the cost of services to the current fee levels, developing and presenting recommendations on potential fee changes to city staff and elected officials.</p> <p>Conducted market survey of the city's existing and proposed fees to those charged by other jurisdictions. With City staff, conducted an outreach meeting to explain fee adjustments to stake-holders. Provided city with an updatable Excel-based master fee schedule.</p> <p>The study included assistance in developing a cost recovery manual and policies for user fees.</p> <p>Percent Completed by MGT: 100% of services are completed by MGT. Erin Payton is the lead MGT consultant.</p> <p>Adherence to Schedule and Budget: The project deliverables were provided within the project schedule of 90 days at the negotiated fixed fee.</p>
<p>City of Newport Beach, California Ms. Evelyn Tseng Revenue Manager 3300 Newport Blvd. Newport Beach, CA 52663 949.644.3141 ETseng@newportbeachca.gov</p>	<p>Summary of Work Performed: Prepare a cost of service study, interviewing city staff, data collection, developing the cost of services on a full cost, per-unit basis, comparing the cost of services to the current fee levels, developing and presenting recommendations on potential fee changes to city staff and elected officials. In 2007 Newport Beach hired MGT to perform a citywide cost allocation and user fee study. After the success of that study, Newport Beach contracted with MGT on a six-year two-phase cost allocation and user fee study project. Each three year cycle includes one citywide cost allocation plan and a detailed fee analysis for each city department. Given the current economic situation, analyzing each fee department on a three year cycle allows the city to devote extra resources to each department to ensure that the changing service offerings are properly reflected in the master fee schedule. In addition to the user fee study, the citywide cost allocation is being used to justify and recover millions of dollars in county and state funds.</p> <p>Percent Completed by MGT: 100% of services are completed by MGT. Erin Payton is the lead MGT consultant.</p> <p>Timeframe: Annually.</p> <p>Adherence to Schedule and Budget: The annual deliverables are provided within the project schedule at the negotiated fixed fee.</p>

9. Sample Reports

(Provided on CD)