



May 30, 2008

Mr. Peter Brundage
Executive Officer
Sacramento Local Agency Formation Commission
1112 I Street #100
Sacramento, California 95814

Re: *Revised Proposal to Prepare a Comprehensive Fiscal Analysis for the Proposed Arden-Arcade Incorporation*

Dear Mr. Brundage:

MuniFinancial is pleased to present the following revised proposal in response to the Sacramento Local Agency Formation Commission's (LAFCo) request to prepare a comprehensive fiscal analysis for the proposed Arden-Arcade incorporation. I am certain you will find MuniFinancial's unique qualifications to be of value to LAFCo. Of particular note are our:

- ◆ **Experienced Project Team:** The project team we propose for this engagement includes Mr. **Eric Nickell** as principal-in-charge, Ms. **Sarah Graham** as project manager, and Mr. **Carlos Villarreal** providing analytical support. I will provide project management support and technical advice to the team. Our team approach ensures that your project has the necessary depth of experience and high priority from start to finish.
- ◆ **Depth of Experience:** MuniFinancial's Financial Consulting Services Group has consistently been at the forefront of innovative approaches to fiscal impact analyses. The Group's Development Infrastructure Financing division has helped clients address a range of policy issues including preparation of a feasibility study and evaluation of the fiscal impact of alternative governance scenarios for proposed incorporations. This division has prior experience preparing an assessment of the fiscal impact of an area proposed to be annexation to a city.
- ◆ **Firm Stability and Support:** MuniFinancial is one of the largest public sector financial consulting firms in the United States. In our 19-year history, we have helped hundreds of public agencies and nonprofit organizations successfully address a broad range of financial challenges. With a staff of over 70 employees, we have the firm resources to ensure that your project will be adequately staffed, regardless of circumstances that may impact your project plans in the future. MuniFinancial is responsive to our clients' needs.

We are excited about this opportunity to serve the Sacramento LAFCo and look forward to hearing from you. If you have any questions regarding our qualifications, please feel free to contact me directly at (510) 832-0899 or via email to bobs@muni.com.

Sincerely,

MUNIFINANCIAL

A handwritten signature in black ink that reads "Robert D. Spencer".

Robert D. Spencer, Principal Consultant
Financial Consulting Services Group

TABLE OF CONTENTS

INTRODUCTION AND APPROACH	1
Introduction	1
Approach	1
SCOPE OF SERVICES	2
PROJECT BUDGET AND SCHEDULE	9
Schedule	9
Fee for Services	10
QUALIFICATIONS & EXPERIENCE	12
Company Profile	12
Introduction to MuniFinancial	13
Fiscal Impact Analysis Experience	15
Project Summaries	15
CLIENT REFERENCES	16
PROJECT TEAM	17
Project Management	17
Eric J. Nickell	19
Sarah M. Graham	21
Carlos Villarreal	22

INTRODUCTION AND APPROACH

INTRODUCTION

This proposal is in response to a request for proposal from the Sacramento Local Agency Formation Commission (LAFCo) to prepare a Comprehensive Fiscal Analysis (CFA) for the proposed incorporation of Arden Arcade. In this section we describe key assumptions and methodologies specific to the Arden Arcade incorporation study that affect the scope of services and level of effort required to successfully complete the study. We also present key strategies that anticipate the high degree of scrutiny these projects typically receive from the public and elected officials.

APPROACH

KEY ASSUMPTIONS AND METHODOLOGIES

We will complete the comprehensive fiscal analysis based on the guidelines provided by LAFCo, the California Office of Planning and Research, and *California Government Code* sections 56800 through 56815. Key assumptions and methodologies specific to the study of the Arden Arcade incorporation proposal are listed below:

- ♦ **Base year:** Pursuant to discussions with LAFCo staff the base year for the analysis will be FY 2007-08. State statute requires the use of the most recently available financial statements for agencies affected by the incorporation. Because there is not enough time to complete the study before the current year's financial statements become available, that portion of the study will wait until the fiscal year is over.
- ♦ **Planning horizon:** City revenues and costs will be projected for the transition year and eight additional years following incorporation.
- ♦ **Development scenario:** The fiscal analysis will include the impact of projected new development within the incorporated area through the planning horizon (unlikely to be significant given nearly built out status of Arden Arcade).
- ♦ **Plan for services:** Prepare an inventory of existing agencies and public service providers in the proposed incorporation area.
- ♦ **Affected agencies:** The Arden Arcade area is served by the County of Sacramento, multiple independent special districts, including five parks districts and six public water districts, and multiple private service providers. The County will transfer certain services to the proposed City, which will then contract back for certain services. The analysis will also consider the reorganization of independent service providers in Arden Arcade.
- ♦ **Revenue neutrality:** For the public draft CFA we will estimate the fiscal impact of the incorporation on the County pursuant to *California Government Code* section 56815 but not estimate mitigation costs to the proposed City. Based on direction from LAFCo staff we will incorporate any mitigation costs into the final draft CFA.

SCOPE OF SERVICES

The scope of services for the CFA is described in detail by task below. Each task includes a description of the work to be completed plus identification of meetings and deliverables.

TASK 1: PROJECT AND POLICY MANAGEMENT

Objectives: Maintain effective communication with LAFCo staff throughout the project.

Description: Meet with LAFCo staff to confirm project scope, schedule, and deliverables. Determine preferred method for communicating with staff. Discuss key assumptions and methodologies including:

- ♦ Base year
- ♦ Potential development
- ♦ Planning horizon
- ♦ Plan for services
- ♦ Incorporation boundaries
- ♦ Incorporation date
- ♦ Similar cities for cost comparison
- ♦ Revenue neutrality analysis

Identify key contacts in County departments and other affected agencies to facilitate data gathering. Based on conversations with LAFCo staff, scope of work includes analysis for two boundary scenarios.

Meetings: Two (2) meetings: one (1) project kick-off meeting with LAFCo and one (1) meeting with incorporation proponents.

Deliverables: None.

TASK 2: INCORPORATION ANALYSIS

Subtask 2.1 Determine Development Scenario

Objectives: Estimate existing and new development within the planning horizon.

Description: For each of two boundary alternatives, determine base year population, dwelling unit, and employment estimates for proposed incorporated area using Census data, historical building permit data provided by County staff, and identification of employment centers. Develop per dwelling unit resident and per square foot employment density factors based on base year data and comparable studies. Identify approved, proposed, and potential development projects, plus projects under construction based on data provided by County staff (unlikely to be significant given nearly built out status of Arden Arcade). Conduct local real estate market research to identify key factors and trends affecting development, and to provide property value assumptions for property tax estimates. Prepare market-based development scenario based on available data and reasonable assumptions.

Meetings: None.

Deliverables: None.

Subtask 2.2: Develop Cost Assumptions

Objectives: Develop reasonable estimates of all City costs through planning horizon for each of two boundary alternatives.

Description: Build on Municipal Service Review documents and other literature regarding service providers. Submit information request to affected agencies (County departments, the City, and various special districts) for data on current service levels, cost recovery rates, net costs of service, and contract costs. Analyze responses and follow up with supplemental information requests to develop reasonable and consistent cost assumptions.

Estimate ongoing staffing and related costs based on proposed levels of service and necessary administrative, executive, and legislative functions. Analyze staffing and costs for similar cities. Develop staffing plan based on number of positions by function and department by year. Determine cost inputs including salaries and benefits by position, supplies and services, non-departmental such as insurance and office occupancy, and contract service costs. Use average per capita or case study approaches as appropriate.

Estimates of City costs for the CFA will be based on the service provider assumptions shown in the following table:

Service Provider Assumptions for Incorporation Analysis

Service	Current Agency Organization	Service Provider ¹	Agency Organization Proposed by Proponent
Animal Control	Sacramento County		New City (contract with County)
Cemetery	Fair Oaks Cemetary District		No effect on CFA
Electric and Gas	Private utility companies		No effect on CFA
Fire and EMS	Sacramento Metropolitan Fire District		Sac Metro Fire
Flood Control	American River Flood Control District		No effect on CFA
General Government	County General Fund		New City
Library	Sacramento Public Library Authority		New City (contribution to JPA)
Parks and Recreation	Arcade Creek Recreation and Park District; Arden Manor Recreation and Park District; Arden Park Recreation and Park District; Fulton-EI Camino Recreation and Park District; Mission Oaks Recreation and Park District		Park Districts Unchanged
Planning	Sacramento County		New City
Public Protection	Sacramento County; Community Services Area No. 11; (Hwy. Patrol for Traffic)		New City (contract with County)
Public Works	County General and Road Funds		New City (contract with County)
Solid Waste Collection	Sacramento County		No effect on CFA
Solid Waste Disposal	Sacramento County		No effect on CFA
Telecommunications	Private utility companies		No effect on CFA
Water and Wastewater	Cal American Water Company; Carmichael Water District; City of Sacramento; Del Paso Manor Water District; Sacramento County Water Agency; Sacramento Suburban Water District; Southern California Water Company		No effect on CFA

Notes:

¹The incorporation scenario has two boundary alternatives.

Sources: Willdan Financial.

The analysis will also include estimates for transition year costs for services provided by County and repayment of costs by City and for one time City startup costs such as election, general plan, and furnishings and equipment.

Meetings: One (1) meeting with County staff to review information needs.

Deliverables: None.

Subtask 2.3: Develop Revenue Assumptions

Objectives: Develop reasonable estimates of all City revenues through planning horizon for each of two boundary alternatives.

Description: **Property tax revenues:** Submit information request to County Auditor-Controller for property tax data, such as existing assessed value and tax allocation factors by tax rate area within incorporation area, "Auditor's ratio" (property taxes as a percent of general fund undesignated revenues). Calculate property tax transfer amount based on *California Government Code* sections 56810 using County net cost of services, Auditor's ratio, and estimated tax increment to first year of incorporation.

Sales tax revenues: Submit information request to State Board of Equalization for revenue generated within incorporation area, or use audit data available to County. Develop alternative reasonable method for estimating revenue if these sources are not available.

Vehicle license fees: Estimate revenue based on AB 1602 (2005-06 legislative session) or more recently chaptered legislation, for an incorporation date after June 30, 2009.

Other revenues: Develop assumptions primarily using per capita factors based on analysis of County fiscal data or statewide data for revenue subventions, and input from County staff. Estimate charges for services based on current County cost recovery rates.

Meetings: None.

Deliverables: None.

Subtask 2.4: Analyze Fiscal Feasibility

Objectives: Determine fiscal feasibility of proposed incorporation for each of two boundary alternatives.

Description: Construct model based on assumptions developed in prior tasks. Analyze fiscal feasibility of incorporation by fund based on general and restricted revenue sources. Funds likely to include (1) general fund, (2) community services district fund (to account for transfer of existing City assessments and charges), and (3) road fund (to account for gas tax revenues). Exclude impact of potential revenue neutrality mitigation (see subsequent tasks).

Provide a set of tables summarizing the preliminary results of the quantitative analysis for review and comment by LAFCo staff. Discuss analysis and preliminary findings via conference call.

Meetings: None.

Deliverables: Tables summarizing quantitative analysis for CFA.

Subtask 2.5: Conduct Additional Fiscal Analysis

Objectives: Provide additional fiscal information related to the proposed incorporation for each of two boundary alternatives.

Description: **Revenue neutrality:** Analyze net impact of revenue and cost reductions caused by incorporation on County in base year pursuant to *California Government Code* section 56815. Conduct analysis by fund.

Assessment districts: Conduct qualitative analysis of impacts on existing assessment districts.

Assets: Submit information request to County and City for inventory of assets to be transferred to City. If GASB 34 valuation is not available, estimate value based on quantities, unit replacement cost factors, and current condition.

Appropriations limit: Determine provisional appropriations limit pursuant to *California Government Code* section 56812.

Meetings: One (1) meeting with County staff.

Deliverables: Include revenue neutrality analysis in prior task deliverable.

TASK 3: FULL SERVICE CITY ANALYSIS

Objectives: Evaluate whether certain new city departments are feasible if territory is detached from the associated existing special district service providers.

Description: Examine the following services:

- ♦ Fire protection
- ♦ Water
- ♦ Wastewater; and
- ♦ Parks and recreation.

FIRE PROTECTION, WASTEWATER, AND WATER

If the formation of a City Fire Department can be accomplished with service cost economies of scale, evaluate the fiscal impacts of detachment of service territory from the Sacramento Metro Fire District. To assist with the question, gather policy input from fire protection administrators in the region.

Similarly, if the regulatory environment for wastewater collection and treatment make it conceptually possible to show a benefit to the new city General Fund from a city-operated wastewater system, evaluate the fiscal impacts of detachment of all current wastewater service providers. To assist with the question, gather policy input from utility administrators in the region.

Contingent on whether the new city General Fund will conceptually benefit from a city-owned water system, evaluate the fiscal impact of detachment of existing water providers. To assist with the question, gather policy input from utility administrators in the region.

PARKS

Conduct analysis of the levels of service provided by existing park districts and the revenues transferred to the new City from user fees and property taxes in the case of territory detachment.

Estimate ongoing staffing and related costs based on proposed levels of service and necessary administrative, executive, and legislative functions. Develop staffing plan based on number of positions by function and department by year. Determine cost inputs including salaries and benefits, supplies and services, non-departmental such as office occupancy and contract service costs. Use average per capita or case study approaches as appropriate.

Determine whether revenues are sufficient to cover costs of a Parks Department serving the new city population.

Because of time and resource constraints, do not include analysis of efficiencies across districts or cities or impacts of consolidation on park districts.

Meetings: None.

Deliverables: Tables summarizing quantitative analysis of special districts.

TASK 4: ANNEXATION ANALYSIS

Objectives: Evaluate service levels, costs, and revenues under alternative governance scenario of annexation to the City of Sacramento.

Description: Refine model to analyze and compare service levels and costs under annexation to the City of Sacramento to those under incorporation as a new City. This task will use the same development scenario developed in Subtask 2.1.

Evaluate taxes and fees paid by property owners, citizens, and businesses under the annexation scenario. Each revenue and cost input will be developed using either a per capita or case study approach as shown in the following table:

Annexation Service Area Approach

Service	Per Capita Approach	Case Study Approach
Animal Control	X	
Fire and EMS ¹		X
General Government	X	
Parks and Recreation ²	X	
Planning	X	
Public Protection	X	
Public Works	X	

¹ Analysis will not consider impacts on Sacramento Metropolitan Fire District or impacts of City assuming personnel costs.

² Per acre.

Sources: MuniFinancial.

We will calculate per capita factors by dividing total annual revenues or costs by the appropriate service population. Service population will include the current residential and employment population. Employment will be weighted appropriately to reflect impacts relative to residents for each revenue or cost line item. The analysis will estimate ongoing staffing and related costs based on current levels of service in the City of Sacramento.

Analysis assumes the City of Sacramento would be the sole provider of municipal services in Arden Arcade as in its current territory. The analysis assumes detachment from current service providers.

Meetings: None.

Deliverables: Tables summarizing quantitative analysis for annexation scenario.

TASK 5: COMPREHENSIVE FISCAL ANALYSIS REPORT

Objectives: Elicit public comment on incorporation fiscal feasibility; support LAFCo policy decisions and actions.

Description: Prepare the administrative draft CFA. Include findings regarding fiscal feasibility. Clearly describe all data sources, assumptions, and methodologies. Meet with LAFCo staff to discuss and receive comments. Based on one round of comments prepare the public draft CFA for public review and revenue neutrality negotiations. Prepare final draft CFA based on one round of comments or prepare a separate response to comments as appropriate. Integrate results of revenue neutrality negotiations as directed by LAFCo staff. Present final draft CFA to the public and Commission using slide presentation.

Meetings: Four (4) meetings: one (1) meeting to review administrative draft CFA with incorporation proponents; one (1) meeting to present public review draft CFA at public workshop; and up to two (2) meetings to present final draft CFA to Commission.

Deliverables: Administrative draft CFA (10 hard copies plus digital format), public review draft CFA (50 hard copies plus digital format), and final draft CFA (50 hard copies plus digital format).

OPTIONAL TASK 6: REVENUE NEUTRALITY NEGOTIATIONS

Objectives: Provide additional fiscal information related to the proposed incorporation for the revenue neutrality negotiation process.

Description: On an as needed basis, provide analytical support for the revenue neutrality negotiation process. Services under this task to be provided at time and expense.

Meetings: As needed.

Deliverables: As needed.

PROJECT BUDGET AND SCHEDULE

SCHEDULE

We estimate that we can complete a comprehensive fiscal analysis for the proposed Arden-Arcade incorporation within five (5) months of receipt of the fiscal year 2007-08 financial statements for the County of Sacramento. This schedule can only be met with the cooperation of LAFCo staff. Delays in responding to our requests for data and review will result in corresponding delays to the project schedule.

To complete our tasks on schedule, we suggest that LAFCo assign a key individual as project manager for the agency. We will expect LAFCo's project manager to (1) provide direction on policy issues, (2) coordinate responses to requests for information, and (3) coordinate review of work products. We anticipate responses to our requests for data or review within five (5) business days. Delays in responding to our requests may result in corresponding delays to project schedule.

The following exhibit shows the proposed project schedule. This schedule assumes that MuniFinancial receives authorization to proceed in July and also receives the County's budget actuals for FY 2007-08 by Labor Day of this year. Changing either of these critical dates could impact the project schedule.

Arden Arcade CFA Proposed Project Schedule

Task / Subtask	2008						2009				
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
<i>Meetings & Major Deliverables</i>											
1. Project & Policy Management											
<i>Notice to proceed</i>	○										
<i>Kickoff meeting with LAFCo staff</i>		◆									
<i>Kickoff meeting with citizens committee</i>			◆								
2. Incorporation Analysis											
<i>Data request to County</i>	⌘										
<i>Agency budget actuals available</i>		○									
<i>Draft tables</i>						⌘					
<i>Preliminary results meeting</i>						◆					
3. Full Service City Parks Analysis											
<i>Draft tables</i>							⌘				
4. Annexation Analysis											
<i>Draft tables</i>							⌘				
5. Draft CFA Report											
<i>Administrative draft report</i>								⌘	◆		
<i>Public review draft report</i>									⌘		
<i>LAFCO hearing</i>									◆		
<i>Final presentation</i>											◆

Key:
 ◆ = Meetings ⌘ = Deliverable ○ = Critical date

FEE FOR SERVICES

We propose a fee of *\$90,000* including direct expenses, related to this fiscal analysis project. Additional services may be authorized. If awarded the project, we will invoice LAFCo monthly for our services.

LAFCo will collect funds for tasks prior to authorizing work. MuniFinancial will not proceed with work on tasks until LAFCo confirms that task funds are collected and available for payment. The following table shows the proposed budget by start date and task group and shows the cumulative funds needed to proceed to each milestone.

Budget by Start Date / Task Group and Cumulative Budget

<u>Start Date / Task Group</u>	<u>Task Group Budget</u>	<u>Cumulative Budget</u>
1. JULY 1 / Data Requests to all Agencies	\$5,000	\$5,000
2. AUG 1 / Start Incorporation, Annexation, and Full Service City Parks Analysis	40,000	\$45,000
2. NOV 1 / Finish Analyses and Draft CFA	45,000	\$90,000

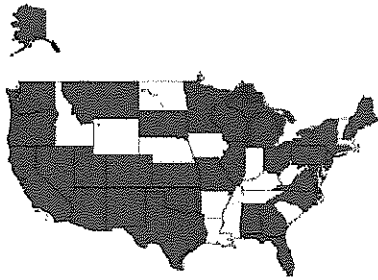
ADDITIONAL SERVICES

Additional services under the optional Task 6 and any additional meetings may be authorized by the LAFCo and will be billed at our then-current hourly consulting rates. Our current hourly rates are:

MUNIFINANCIAL HOURLY RATE SCHEDULE	
TITLE	HOURLY RATE
Division Manager	\$200
Principal Consultant	190
Senior Project Manager	155
Project Manager	135
Senior Project Analyst	120
Senior Analyst	110
Analyst	90
Analyst Assistant	75
Property Owner Services Representative	50
Support Staff	45

QUALIFICATIONS & EXPERIENCE

COMPANY PROFILE



MuniFinancial, Willdan, Arroyo Geotechnical, American Homeland Solutions, and Willdan Resource Solutions are the five (5)-company public service team that has grown from the 1964 establishment of Willdan Engineering, known today as *WILLDAN Group, Inc.* This group of companies provides financial and economic consulting; civil and structural engineering; planning, geology, and geotechnical engineering; environmental health and safety (EH&S) engineering and construction; plus security consulting services for public sector clients throughout California and across the nation.



MuniFinancial provides financial and economic consulting for growth planning, revenue generation, debt administration and municipal services, with specialties such as ongoing Municipal Disclosure and Arbitrage Rebate compliance. Established in 1988, MuniFinancial has worked with more than 800 public agencies throughout the United States.



Willdan is a full-service, multi-disciplinary California corporation that specializes in consulting, engineering and planning services for governmental agencies. Willdan has expanded in size, locations, and service capabilities; thus becoming an industry leader in public works design, planning, and financing. Its staff of over 500 professional and technical experts includes specialists in highways and roadways, drainage and flood control, bridges, traffic and transportation, municipal landscape architecture, environmental planning; construction management, building and safety services, urban and regional planning; water resources, structural engineering, computer-aided analysis and design; and other technical fields.



Arroyo Geotechnical offers a full complement of geology/geotechnical engineering capabilities, including soils engineering, earthquake and seismic hazard studies, geology and hydrogeology engineering. Arroyo Geotechnical also maintains a full-service geotechnical laboratory.



American Homeland Solutions (AHS) is dedicated to helping clients enhance their preparedness and responsiveness to domestic security. Some of the areas of opportunity include homeland security needs assessments, school security planning, public education outreach, and emergency response training.



Willdan Resource Solutions (WRS) provides high-quality and competitively priced environmental, construction, environmental health and safety (EH&S), and engineering services. From training and consulting, to multi-phased environmental site assessments and cleanup, WRS delivers the widest spectrum of services based on established engineering, scientific, and economic principals.

INTRODUCTION TO MUNIFINANCIAL

MuniFinancial is a customer-oriented firm that delivers high-quality financial and economic services to public agencies and, ultimately, to the public.

MuniFinancial is one of the largest public sector financial consulting firms in the United States, with corporate headquarters in Temecula and regional offices in the cities of Oakland, Lancaster, and Sacramento and in the states of Florida, Tennessee and Washington. Since 1988 we have helped over 800 public agencies successfully address a broad range of financial challenges, such as financing the costs of growth and generating revenues to fund desired services.

MuniFinancial assists local public agencies with long-term financial plans and cash flow modeling, cost allocations, development impact fees, utility rate studies, and property tax audits. In addition, we assist local public agencies with arbitrage rebate, investment consulting, municipal disclosure, and special district administration.

MuniFinancial has the largest special district formation and administration practice in the nation. We are known as the preeminent municipal disclosure firm as well as a major provider of arbitrage rebate services.

The firm currently has a staff of over 70 dedicated professionals with the range of expertise necessary to provide high-quality service to our clients. Given the breadth and depth of expertise among our staff, MuniFinancial is able to offer clients a full range of financial services:

- ◆ **Capital improvement planning and financing**, including infrastructure financing plans and impact or connection fee studies;
- ◆ **Financial planning and revenue enhancement**, including financial projections and policy analysis, plus utility rate, user fee, and cost allocation studies;
- ◆ **Economic and fiscal policy analysis** of proposed projects and plans, including government reorganizations studies;
- ◆ **Special district implementation and administration**, including district formation and voter campaigns, plus administrative services such as levies and delinquency management; and
- ◆ **Federal compliance services** for bond issues such as continuing disclosure and arbitrage rebate analysis.

Many of our projects have an engineering component as well, highlighting the benefits of MuniFinancial as part of *Willdan Group, Inc.* Our affiliate firm, Willdan, is a leading engineering consulting firm consisting of over 500 personnel in the Western United States. Willdan provides contract staff for building, planning and engineering departments plus a range of civil engineering services.

With the combined expertise of our firms we can provide a comprehensive approach to our clients' financial, economic and public facility engineering challenges.

FINANCIAL CONSULTING SERVICES DIVISION

MuniFinancial has been built on deep, continuing relationships with local government department staff. With hundreds of ongoing client relationships in finance, engineering and other services, we have been consistently called upon to assist staff with a range of special projects. In response to this need, the Financial Consulting Services Division was created.

Our work incorporates excellent **public communication strategies and skills**. As voter approval becomes the norm for revenue measures, we offer expertise in communicating persuasive information to the targeted group, whether developers, land owners or the general electorate. We provide clearly written report summaries, on-point public presentations and strong meeting facilitation skills.

The table below provides an overview of the services provided by the Financial Consulting Services Division.

DEVELOPMENT INFRASTRUCTURE FINANCING	
Development Impact & Utility Connection Fees for Capital Facilities	Infrastructure & Public Facilities Financing Plans
Real Estate Market Analysis & Development Forecasts	Capital Improvement Plans
SPECIAL DISTRICT FORMATION ASSISTANCE	
Community Facilities Districts, including Special Tax Analysis	Proposition 218 Benefit Analysis
Landscaping and Lighting Act of 1972	Fire Suppression Districts
Benefit Assessment Act of 1982	Bridge & Thoroughfare Districts
1913/1915 Act Bonded Assessment Districts	Refunding Bond Analysis & Reporting
Construction Acquisition Services	Notice & Ballot Preparation & Mailing
FEES AND RATE STUDIES	
User Fee Analysis	Utility Rate Modeling
Cost Allocation Studies	Budget Planning
ECONOMIC AND FISCAL POLICY ANALYSIS	
LAFCO Annexation, Consolidation, or New Governmental Agency Formation Studies	Financial Modeling, Budget Analysis, & Feasibility Studies
Fiscal Impact Analysis of Projects, Plans, & Policies	Economic Development & Economic Impact Studies

FISCAL IMPACT ANALYSIS EXPERIENCE

Fiscal impact analysis is a tool to estimate the effect of proposed policies and plans on ongoing operating revenues and costs for a public agency. MuniFinancial has managed *over 50 fiscal impact studies* for a broad range of clients, helping them address a range of policy issues including:

- ◆ Fiscal impacts of land use policies and plans;
- ◆ Fiscal impacts of growth control and tax limitation ballot initiatives;
- ◆ City/county tax sharing agreements for annexations; and
- ◆ **The feasibility of proposed city incorporations.**

We sometimes play the “honest broker” role, providing objective analysis to all sides such as the city and the county in annexation tax sharing negotiations, and the agency and the developer during the project approval process.

PROJECT SUMMARIES

Summaries of selected project experience are presented below.

County of Riverside, CA; Feasibility Study and Comprehensive Fiscal Analysis for Incorporation: Assisted Eastvale Incorporation Committee in evaluating the fiscal impact of incorporation for the community of Eastvale in Riverside County. Completed an initial feasibility study for incorporation of the area. Project includes a comprehensive fiscal analysis to be completed by September 2008.

County of Riverside, CA; Fiscal Analysis and Municipal Service Review: Assisted LAFCo, the County, and the adjacent City of Murrieta in evaluating the fiscal impact of alternative governance scenarios for the growing community of Wildomar in southwest Riverside County. The analyses helped the agencies determine which incorporation and annexation scenarios were fiscally viable. The project included a municipal service review for the area. The study for County of Riverside was conducted in 2004. See our website (www.muni.com) for a link to the Wildomar report.

Rio Linda – Elverta Recreation and Park District, CA; Feasibility Study for Incorporation: Completed an initial feasibility study for incorporation of the area. A number of residents living within the Park District were interested in obtaining local land use control through the process of incorporation. The final study presented multiple scenario options taking into consideration whether specific legislation was passed and if certain parcels of land were included or excluded from the incorporation.

City of Rio Dell, CA; Fiscal Impact Analysis: Assisted the City of Rio Dell by providing an assessment of the fiscal impact of the annexation of the Town of Scotia to the City. The analysis examined the fiscal feasibility of the annexation on Rio Dell’s general fund and road funds, and on the Rio Dell Fire Protection District’s operational funds as well. The final report provided three possible outcomes of the annexation in terms of status quo, best and worst.

City of Roseville, CA; Fiscal Impact Analysis: Completed fiscal impact analysis for the annexation of the West Roseville Specific Plan (WRSP) area. Analyzed numerous scenarios of the proposed land use plan as part of the negotiations with the project developer to ensure the plan was fiscally positive for the City. Coordinated with the County's economic consultant to assist in the negotiation of the property tax split agreement with Placer County.

City of Roseville, CA; Fiscal Impact Analysis: Completed fiscal impact analysis for the annexation of the Sierra Vista Specific Plan (SVSP) area and Creekview Specific Plan (CSP) area. Analyzed proposed land use to determine the fiscal impact on the City's General Fund. Conducted market analysis to determine the amount of retail development that the area could support to assist the City in its negotiations with the developer group.

County of Sacramento, CA; County Service Area Formation: Developed and implemented the strategy for forming a County Service Area to fund the ongoing operating costs of transit and related services for a Specific Plan Area in Sacramento County. MuniFinancial assisted the County in developing a new revenue source to mitigate the impacts of growth on traffic congestion and air pollution.

County of Yolo, CA; Annexation Tax Sharing: Assisted the County of Yolo in developing policies for negotiating with cities tax sharing associated with annexations. Conducted fiscal impact analysis of growth to determine the tax revenue needed to offset current service costs and generate a surplus to correct the structural under-funding of the General Fund.

Hollywood Chamber of Commerce, CA; Secession Fiscal Impact Analysis: Reviewed fiscal impact analyses prepared for the proposed secession of the Hollywood area from the City of Los Angeles. Evaluated impact of secession from the business community's perspective.

Fiscal Impact Analysis and CFD for Public Services: Retained by a range of clients to analyze the fiscal impacts of growth and form a Community Facilities District (CFD) to fund public services. The fiscal impact analysis examines a prototype subdivision or actual proposed development projects. Fiscal impact results inform a policy decision to set a special tax rate so that new development funds increases in service costs, typically public safety costs. We then assist in forming a Community Facilities District (CFD), including providing special tax advice, as part of a development project to fund public service costs associated with growth. Future new development projects annex into the CFD to expand this revenue stream as growth occurs. We have conducted these studies and formed CFDs for:

- ♦ City of Clovis, CA
- ♦ City of Madera, CA
- ♦ City of Elk Grove, CA
- ♦ City of Manteca, CA
- ♦ City of Galt, CA
- ♦ City of Palm Springs, CA
- ♦ City of Livingston, CA
- ♦ County of Sacramento, CA

CLIENT REFERENCES

Client relationships are extremely important to us. We encourage you to contact any or all of the clients listed below regarding our commitment to personalized service and performance.

MUNIFINANCIAL SELECTED REFERENCES		
AGENCY	SERVICE	CONTACT
County of Riverside, CA	Fiscal Analysis and Municipal Service Review	Katherine M. Gifford Senior Management Analyst 4080 Lemon Street, 4th Floor Riverside, CA 92501 (951) 955-1179
Rio Linda – Elverta Recreation & Park District	Feasibility Study for Incorporation	Don Schatzel District Administrator 810 Oak Lane Rio Linda, CA 95673 (916) 991-8810
City of Rio Dell, CA	Fiscal Impact Analysis	John Miller City Manager 675 Wildwood Avenue Rio Dell, CA 95562 (707) 764-3532

PROJECT TEAM

Senior professionals have been selected for the Sacramento LAFCo's engagement. We are confident that the MuniFinancial team has a depth of experience that will successfully fulfill LAFCo's desired work performance.

Mr. Eric J. Nickell, Principal Consultant in the Sacramento office of MuniFinancial's Financial Consulting Services Division, will serve as **principal-in-charge** of the study. He will oversee the quality of work products and assure timely completion of the project. He will also provide technical oversight to the project.

Mr. Robert D. Spencer, Principal Consultant in the Oakland office of our Financial Consulting Services Group, will serve as **technical advisor**. Mr. Spencer's experience includes a recent municipal service analysis and initial feasibility review for the Wildomar area of Riverside County, CA. This complex study included analysis of two incorporation and two annexation scenarios for the area.

We propose **Ms. Sarah M. Graham**, as **project manager**. Ms. Graham is a Project Manager in Financial Consulting Services at MuniFinancial. She will organize and direct consultant tasks, provide quality control for work products and ensure that the deliverables are completed on time and within budget. She will serve as the agency's day-to-day contact and will be present at key meetings.

Staff analysts in our Oakland office, including **Mr. Carlos Villarreal**, will provide **analytical support**. He will work under the direction of Ms. Graham, who will assign additional resources to the team if necessary.

PROJECT MANAGEMENT

As a successful consulting firm, we understand the importance of project management and team support. MuniFinancial has successfully guided diverse consultant teams through many projects for the benefit of our clients.

The goal of project management is to achieve the client's objectives on schedule and within budget. To accomplish this, we employ a variety of tools to monitor project status and to establish effective communication with the client and between project team members.

Project Monitoring. The project manager monitors budget status through our online accounting system. The system captures project labor costs, overhead and direct expenses on a weekly basis. Project managers continually monitor the budget and compare costs to work performed to date. In our experience, the system is an invaluable tool for reducing cost overruns and budget amendments, a tool often not found in other consulting firms.

Financial Consulting Services principals and project managers meet weekly to assess the status of each project and to direct staff. These weekly meetings allow staffing constraints to be identified early and resources reallocated to keep projects on budget and on schedule. These meetings also provide a forum for applying the group's collective expertise to solving difficult analytical issues that arise in complex projects.

Client Communication. To remain informed about project status, clients can choose among several communication options based on their preferences. We can provide regular updates by e-mail, phone call, meetings, or project status memos. The status memo is particularly

effective because it documents work completed to date, status of remaining tasks, and identification of outstanding issues that require input from the client.

Quality Control. The principal in charge and project manager assigned to the project provide quality control and quality assurance. The project manager reviews interim and final work products before transmittal to the client to ensure that they meet MuniFinancial's quality standards. The principal in charge reviews the final work product, including reports and quantitative models, to provide a second level of quality control and assurance.

Team member resumes follow for your review.

14 Years Experience

Areas of Expertise

*Public Services &
Infrastructure Funding*

*Real Estate Market
Analysis and Feasibility*

Regulation of Land Use

Education

*Master of Public
Affairs with emphasis in
economics and
public policy, Woodrow
Wilson School of Public
Affairs, Princeton
University*

*Bachelor of Arts in
Chemistry, the Colorado
College*

Professional Affiliations

Urban Land Institute

ERIC J. NICKELL

PRINCIPAL CONSULTANT

Eric Nickell is a Principal Consultant in the Sacramento office of MuniFinancial's Financial Consulting Services Division. Mr. Nickell is a public finance and real estate market consultant with training in economics and public policy.

Prior to his employment with MuniFinancial, Mr. Nickell was a Vice President with Economic & Planning Systems (EPS). His practice areas included public services funding plans, real estate market analysis and feasibility testing, conservation finance, and development impact fee nexus studies.

RELATED EXPERIENCE

Services Funding and Fiscal Impact Analysis

- ♦ ***Davis Oeste Ranch Fiscal and Economic Impact Studies:*** As a consultant to the developer of this active adult mixed used project, Mr. Nickell estimated the fiscal impacts of the project on the City and County's operating funds, as well as short term and permanent employment and output effects in the wider County economy. The analysis included an important focus on fiscal impacts of a property tax sharing agreement between the City and County.
- ♦ ***West Sacramento Vina del Lago Fiscal and Economic Impact Studies:*** Working for the developer of this active adult master planned community, Mr. Nickell estimated the fiscal impacts of development on the City's operating funds, as well as short term and permanent employment and output effects in the wider County economy.
- ♦ ***Glenn Echo Glenn Fiscal Study:*** In collaboration with Raney Planning & Management, Glenn County's planning consultant, Mr. Nickell produced a fiscal impact study of the revenue required for the County, school district, and fire district to provide services to the residential project.
- ♦ ***San Ramon Northwest Specific Plan Services Funding:*** In collaboration with EDAW, the City of San Ramon's environmental consultant, Mr. Nickell prepared a fiscal study of the annual revenue requirements for the city to provide General Fund services to the Specific Plan.
- ♦ ***Knights Landing Howald Property Fiscal Study:*** Working for the developer, Mr. Nickell produced a fiscal impact study of the revenues required for Yolo County, the local community services district, and fire district to provide services to the residential project.

- ♦ ***Woodland Gateway Market and Fiscal Impact Studies:*** On behalf of the City of Woodland, Mr. Nickell conducted market and fiscal studies of a large regional retail project to estimate properly the net retail spending and local government budget impacts of proposed development.
- ♦ ***Woodland Park Market, Fiscal Impact, and Economic Impact Studies:*** As the City of Woodland's public finance consultant, Mr. Nickell conducted market, fiscal impact, and economic impact analyses and peer review studies of developer financing proposals to assist in evaluating the large industrial project.
- ♦ ***Ceres Growth Areas Fiscal Study:*** To assist the City with establishing the correct special tax level for a Community Facilities District for services, Mr. Nickell prepared an analysis of the revenues required to provide the full range of services to growth areas identified both within and outside of City limits.
- ♦ ***Alameda Harbor Bay Village Six Fiscal Study and Financing Overview:*** On behalf of the developer, Mr. Nickell compared one-time and ongoing public agency revenues produced by three alternative land use plans and estimated the changes to public revenues caused by affordable housing requirements.
- ♦ ***Glenn Brighton Ranch Fiscal Study and Financing Overview:*** Working for the developer, Mr. Nickell provided an overview of project funding for Glenn County services and public infrastructure, including fire and school facilities, for this master planned community.
- ♦ ***Davis Mace Covell Gateway Fiscal Study:*** Working for the developer, Mr. Nickell produced a fiscal impact study of the revenue required for the City to provide services to the mixed use project.
- ♦ ***Moraga Rancho Laguna Fiscal Study:*** On behalf of the developer, Mr. Nickell produced an infrastructure funding overview and fiscal impact study of the revenue required for the town, school district, and fire district to provide services to the mixed use project.
- ♦ ***Vallejo Bordoni Ranch Fiscal Study:*** Working for the developer, Mr. Nickell produced a fiscal impact study of the revenue required for the city to provide services to the mixed use project.
- ♦ ***Woodland Spring Lake Specific Plan Fiscal Study:*** As a public finance consultant to the City, Mr. Nickell produced a fiscal impact study of the revenue required for the City to provide general fund services to the specific plan.

Areas of Expertise

Fiscal Analysis

*Real Estate Market
Analysis and Feasibility*

*Public Services &
Infrastructure Funding*

Education

*Master of
Public Policy,*

*Goldman School of
Public Policy, University
of California, Berkeley*

Bachelor of Arts,

Tufts University

SARAH M. GRAHAM

PROJECT MANAGER

Sarah Graham recently joined MuniFinancial as a Project Manager in the Financial Consulting Services Division in the firm's Oakland office. Her responsibilities include supervising analysts on development impact fee studies and preparing fiscal impact analyses.

Ms. Graham has worked with ECONorthwest, an economic consulting firm located in Oregon, and was a Budget Analyst for the Board of Supervisors of San Francisco.

RECENT PROJECT EXPERIENCE

Feasibility and Fiscal Impact Analyses

- ♦ ***Riverside County, CA:*** For the Eastvale Incorporation Committee, Ms. Graham is managing the preparation of the Initial Fiscal Review and Comprehensive Fiscal Analysis.
- ♦ ***County of Sacramento, CA, Folsom and Natomas Area Fiscal Impact Studies:*** For the County, Ms. Graham is estimating General Fund revenue and cost impacts from various development proposals.
- ♦ ***City of Dublin, CA:*** Project manager for a fiscal impact study of land use scenarios in East Dublin.
- ♦ ***County of Merced, CA:*** Project manager for fiscal impact and fee study of the Delhi Community Plan.
- ♦ ***County of Sutter, CA:*** Assisting County in developing financial strategy for Sutter Pointe Specific Plan and providing peer review of fiscal impact analysis.

Financing and Funding Plans

- ♦ ***City of Hercules, CA:*** Project manager for a fiscal analysis of land use and development within the City, including a Public Facilities and Services Financing Plan and Long-Term Municipal Financial Strategy.
- ♦ ***City of Modesto, CA:*** Project manager for the development of a Facilities Master Plan and Infrastructure Financing Plan for:
 - * ***Woodglen Specific Plan***
 - * ***Pelandale-McHenry Specific Plan***
- ♦ ***City of Selma, CA:*** Project manager for the development of a Public Facilities Financing Plan for the Amberwood Specific Plan.
- ♦ ***Stockton-San Joaquin County Public Library:*** Managing the development of a funding and financing strategy for the Library's Facilities Master Plan.
- ♦ ***City of Wilsonville, OR:*** Managed the development of a funding strategy for parks master planning in the City of Wilsonville, Oregon.

CARLOS VILLARREAL

ANALYST II

Areas of Expertise

*Development Impact
Fees and Fiscal Analysis*

Project Highlights

*City of Huntington
Park*

City of Roseville

Madera County

Education

*Bachelor of Arts,
Geography, University
of California, Los
Angeles*

*Minor in Public Policy
and Urban Planning*

Carlos Villarreal is an Analyst II in Financial Consulting Services at MuniFinancial, and works from the firm's Oakland office. His responsibilities include supporting Project Managers on development impact fee studies and preparing fiscal impact analyses.

Prior to joining MuniFinancial, Mr. Villarreal worked as an intern with the US Coast Guard, where he assisted with the development of a GIS database for the Coast Guard's MLCP(s) Civil Engineering Office.

RELATED EXPERIENCE

Development Impact Fees

- ♦ ***Madera County:*** Supporting analyst for a development impact fee and capital improvement plan study for several county facility types.
- ♦ ***City of Huntington Park:*** Supporting analyst for a study updating the City's parks, parking and art in public places impact fees.
- ♦ ***Rincon Valley Fire Protection District:*** Supporting analyst for a study of a development impact fee for fire protection facilities.
- ♦ ***City of Fresno UGM Traffic Fees:*** Supporting analyst for a study updating the City's Urban Growth Management Traffic Impact Fees.
- ♦ ***City of Sierra Madre:*** Supporting analyst for a study establishing development impact fees for general government, library, public safety, traffic, water and wastewater facilities

Fiscal Analysis

- ♦ ***City of Roseville:*** Supporting analyst for fiscal impact analyses of:
 - ♦ ***Diamond Plaza Rezone***
 - ♦ ***Paseo del Norte Rezone***
 - ♦ ***Hewlett Packard Area Rezone***
- ♦ ***City of Santa Rosa:*** Supporting analyst and database programmer for Santa Rosa Long Range Facilities Financing Plan.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

CONSULTANT AGREEMENT WITH MUNI FINANCIAL

THIS AGREEMENT is made this ____ day of _____, 2008, by and between the SACRAMENTO LOCAL AGENCY FORMATION COMMISSION, hereinafter referred to as "LAFCo," and Muni Financial, hereinafter referred to as the "Consultant."

1. Purpose and Scope of Work

Consultant shall prepare a Comprehensive Fiscal Analysis as required under the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 as amended for the proposed incorporation of Arden Arcade. The Analysis will comply in all respects with state law and LAFCo's policies and procedures. The specific services are as set forth in Exhibit "A" attached hereto. The Executive Officer shall determine in his sole discretion whether Consultant's services are satisfactory.

2. Compensation and Expenses

a. The total compensation for such services performed by Consultant pursuant to this Agreement shall be paid monthly in arrears upon receipt of Consultant's invoice. Such compensation shall be computed in the manner described in Exhibit "A" attached hereto. Payment will be made monthly, in arrears, for services performed during the previous month subject to the provisions of Paragraph 2. d. below. LAFCo will make payment within thirty (30) days of Consultant's presentation of a written statement of services performed so long as the payment amount is consistent with the amount authorized by LAFCo to be spent in accordance with Section 2.d, and Section 6 below.

b. LAFCo is not responsible for any payment for services or expenses not previously authorized by LAFCo in writing. Payment will be made monthly, in arrears, for authorized services and expenses incurred during the previous month. LAFCo will make payment within thirty (30) days of Consultant's presentation of appropriate receipts, travel vouchers and/or LAFCo's expense claim form.

c. In no event shall the total compensation to Consultant for work performed and reimbursement of expenses incurred pursuant to this Agreement exceed \$90,000, unless this agreement is amended in writing.

d. Consultant acknowledges that the funding for this Agreement depends on payments made by the incorporation proponents under a separate agreement with LAFCo. Consequently, notwithstanding the compensation limit set forth in Subsection 2.c, above, Consultant agrees that:

i. Consultant will not proceed with any phase of the work until the Executive Officer has given written authorization to proceed, together with the funding amount available for such work;

ii. The Executive Officer may, from time to time, direct Consultant to suspend its work, if the Executive Officer determines in good faith that funding will not be available to compensate Consultant for such work;

iii. In no event shall LAFCo be required to pay Consultant more than the funding amount received for Consultant's work from the incorporation proponents; and

iv. In the event of non payment by the proponents, LAFCo or Consultant may terminate this Agreement.

3. **Materials, Supplies and Equipment**

Except as otherwise specifically set forth in Exhibit "A," attached hereto, Consultant shall, at its sole expense, furnish all materials, supplies, and equipment which are or may be required for performance of services pursuant to this Agreement.

4. **Ownership**

Consultant agrees that all work products including, but not limited to, notes, designs, drawings, reports, memoranda, and all other tangible personal property of whatever nature produced in the performance of this Agreement shall be the sole property of LAFCo, provided that Consultant may retain file copies of said work products. Consultant shall provide said work products to LAFCo upon request.

Consultant may publish marketing materials or professional papers drawing from work that is at that time in the public domain.

Consultant represents and warrants that all materials or work product to be furnished to LAFCo will be produced by Consultant or that required permissions and license agreements will be obtained and paid for by Consultant and that LAFCo is free to use, reuse, publish or otherwise deal with all such material except as otherwise specifically provided in Exhibit "A," attached hereto. Consultant shall indemnify and hold harmless LAFCo, its directors, officers, employees, agents and representatives, from any claim, loss, damage, cost, liability or expense arising from any falsity or violation of the foregoing representation and warranty.

5. **Limitation of Compensation**

LAFCo is not obligated to employ Consultant or pay royalties or other compensation of any kind to Consultant as a result of the use by LAFCo of Consultant's work products, whether or not said use relates to the project for which said work

product was prepared.

6. **Time of Work**

Consultant shall perform services required in a timely manner. Consultant shall use its best efforts to complete the work in time to allow for consideration by LAFCo on or before April 1, 2009. If LAFCo does not receive funds from the incorporation proponents in a timely manner, Consultant is under no obligation to complete the work within this time frame. If payments are delayed, the time for completion may be amended by agreement of the parties hereto.

7. **Terms and Conditions**

The Standard Form Terms and Conditions attached hereto as Exhibit "B" are made a part of this Agreement. Consultant's signature on this Agreement constitutes acknowledgment that Consultant has received said Terms and Conditions.

In the event of any inconsistency between said Standard Terms and Conditions and any other provisions of this Agreement, said other provisions shall control.

8. **Exhibits**

All exhibits referred to herein are attached hereto and are incorporated herein by reference.

9. **Nonexclusive Agreement**

Consultant understands and agrees that this is a nonexclusive Agreement. LAFCo may hire other consultants for work of a similar or identical nature.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto upon the date first above written.

MUNI FINANCIAL

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

By: _____

By: _____

Peter Brundage
Executive Officer

EXHIBIT A

SCOPE OF WORK/BUDGET/SCHEDULE/RATE OF COMPENSATION

SCOPE OF WORK

Consultant shall prepare a CFA as required by Government Code section 56800. Data used for the CFA shall be from the most recent fiscal year for which data are available. The CFA shall include an analysis of the following:

- (1) The costs to the proposed city of providing public services and facilities during the three fiscal years following incorporation;
- (2) The revenues of the proposed city during the three fiscal years following incorporation;
- (3) The effects on the costs and revenues of any affected local agency during the first three fiscal years of incorporation; and
- (4) Any other information and analysis required by LAFCo.

When determining the costs to the proposed city of providing public services and facilities, Consultant shall:

- (1) Include all direct and indirect costs associated with the current provision of existing services in the affected area, including the actual or estimated costs at which the existing level of service could be contracted by the proposed city following an incorporation, and any general fund expenditures used to support or subsidize a fee-supported service where the full costs of providing the service are not fully recovered through fees;
- (2) Identify any cost reduction to affected agencies based on the transfer of costs to the proposed city;
- (3) Review how the costs of existing services compare to the costs of services provided in cities with similar populations and geographic size that provide a similar level and range of services; and
- (4) Make a reasonable determination of the costs expected to be borne by the proposed city.

The CFA prepared shall include an evaluation of service levels, costs, and revenues should the proposed territory be annexed to the City of Sacramento or otherwise provided services by a single service provider.

The required tasks are identified below, including a description of the work to be completed plus identification of meetings and deliverables.

Task 1: Project and Policy Management

Objectives: Maintain effective communication with LAFCo staff throughout the project.

Description: Meet with LAFCo staff to confirm project scope, schedule, and deliverables.

Determine preferred method for communicating with staff. Discuss key assumptions and methodologies including:

- Base year
- Potential development
- Planning horizon
- Plan for services
- Incorporation boundaries
- Incorporation date
- Similar cities for cost comparison
- Revenue neutrality analysis

Identify key contacts in County departments and other affected agencies to facilitate data gathering. Based on conversations with LAFCo staff, scope of work includes analysis for two boundary scenarios.

Meetings: Two (2) meetings: one (1) project kick-off meeting with LAFCo and one (1) meeting with incorporation proponents.

Deliverables: None.

Task 2: Incorporation Analysis

Subtask 2.1 Determine Development Scenario

Objectives: Estimate existing and new development within the planning horizon.

Description: For each of two boundary alternatives, determine base year population, dwelling unit, and employment estimates for proposed incorporated area using Census data, historical building permit data provided by County staff, and identification of employment centers. Develop per dwelling unit resident and per square foot employment density factors based on base year data and comparable studies. Identify approved, proposed, and potential development projects, plus projects under construction based on data provided by County staff (unlikely to be significant given nearly built

out status of Arden Arcade). Conduct local real estate market research to identify key factors and trends affecting development, and to provide property value assumptions for property tax estimates. Prepare market-based development scenario based on available data and reasonable assumptions.

Meetings: None.

Deliverables: None.

Subtask 2.2: Develop Cost Assumptions

Objectives: Develop reasonable estimates of all City costs through planning horizon for each of two boundary alternatives.

Description: Submit information request to affected agencies (County departments, the City, and various special districts) for data on current service levels, cost recovery rates, net costs of service, and contract costs. Analyze responses and follow up with supplemental information requests to develop reasonable and consistent cost assumptions.

Estimate ongoing staffing and related costs based on proposed levels of service and necessary administrative, executive, and legislative functions. Analyze staffing and costs for similar cities. Develop staffing plan based on number of positions by function and department by year. Determine cost inputs including salaries and benefits by position, supplies and services, non-departmental such as insurance and office occupancy, and contract service costs. Use average per capita or case study approaches as appropriate.

Estimates of City costs for the CFA will be based on the service provider assumptions shown in the following table:

Service Provider Assumptions for CFA

Service	Current Provider	Future Provider
Animal Control	Sacramento County	City (contract with County)
Cemetery	Sacramento County	No effect on CFA
Electric and Gas	Private utility companies	No effect on CFA
Fire and EMS	Sacramento Metropolitan Fire District	City (contract with Metro)
Flood Control	American River Flood Control District	No effect on CFA
General Government	County General Fund	City
Library	Sacramento Public Library Authority	No effect on CFA
Parks and Recreation	Arcade Creek Recreation and Park District; Arden Manor Recreation and Park District; Arden Park Recreation and Park District; Fulton- El Camino Recreation and Park District; Mission Oaks Recreation and Park District	City
Planning	Sacramento County	City
Public Protection	Sacramento County; Community Services Area No. 11; (Hwy. Patrol for Traffic)	City (contract with County)
Public Works	County General and Road Funds	City (contract with County)
Solid Waste Collection	Sacramento County	No effect on CFA
Solid Waste Disposal	Sacramento County	No effect on CFA
Telecommunications	Private utility companies	No effect on CFA
Water and Wastewater	Cal American Water Company; Carmichael Water District; City of Sacramento; Del Paso Manor Water District; Sacramento County Water Agency; Sacramento Suburban Water District; Southern California Water Company	No effect on CFA

Sources: MuniFinancial.

The analysis will also include estimates for transition year costs for services provided by County and repayment of costs by City and for one time City startup costs such as election, general plan, and furnishings and equipment.

Meetings: One (1) meeting with County staff to review information needs.

Deliverables: None.

Subtask 2.3: Develop Revenue Assumptions

Objectives: Develop reasonable estimates of all City revenues through planning horizon for each of two boundary alternatives.

Description: **Property tax revenues:** Submit information request to County Auditor-Controller for property tax data, such as existing assessed value and tax

allocation factors by tax rate area within incorporation area, "Auditor's ratio" (property taxes as a percent of general fund undesignated revenues). Calculate property tax transfer amount based on *California Government Code* sections 56810 using County net cost of services, Auditor's ratio, and estimated tax increment to first year of incorporation.

Sales tax revenues: Submit information request to State Board of Equalization for revenue generated within incorporation area, or use audit data available to County. Develop alternative reasonable method for estimating revenue if these sources are not available.

Vehicle license fees: Estimate revenue based on AB 1602 (2005-06 legislative session) assuming an incorporation date prior to June 30, 2009.

Other revenues: Develop assumptions primarily using per capita factors based on analysis of County fiscal data or statewide data for revenue subventions, and input from County staff. Estimate charges for services based on current County cost recovery rates.

Meetings: None.

Deliverables: None.

Subtask 2.4: Analyze Fiscal Feasibility

Objectives: Determine fiscal feasibility of proposed incorporation for each of two boundary alternatives.

Description: Construct model based on assumptions developed in prior tasks. Analyze fiscal feasibility of incorporation by fund based on general and restricted revenue sources. Funds likely to include (1) general fund, (2) community services district fund (to account for transfer of existing City assessments and charges), and (3) road fund (to account for gas tax revenues). Exclude impact of potential revenue neutrality mitigation (see subsequent tasks).

Provide a set of tables summarizing the preliminary results of the quantitative analysis for review and comment by LAFCo staff. Discuss analysis and preliminary findings via conference call.

Meetings: None.

Deliverables: Tables summarizing quantitative analysis for CFA.

Subtask 2.5: Conduct Additional Fiscal Analysis

Objectives: Provide additional fiscal information related to the proposed incorporation for each of two boundary alternatives.

Description: **Revenue neutrality:** Analyze net impact of revenue and cost reductions caused by incorporation on County in base year pursuant to *California Government Code* section 56815. Conduct analysis by fund.

Assessment districts: Conduct qualitative analysis of impacts on existing assessment districts.

Assets: Submit information request to County and City for inventory of assets to be transferred to City. If GASB 34 valuation is not available, estimate value based on quantities, unit replacement cost factors, and current condition.

Appropriations limit: Determine provisional appropriations limit pursuant to *California Government Code* section 56812.

Meetings: One (1) meeting with County staff.

Deliverables: Include revenue neutrality analysis in prior task deliverable.

Task 3: Full Service City Analysis

Objectives: Evaluate whether certain new city departments are feasible if territory is detached from the associated existing special district service providers.

Description: Examine the following services:

- Fire protection
- Water
- Wastewater; and
- Parks and recreation

Fire Protection, Wastewater, and Water

If the formation of a City fire Department can be accomplished with service cost economies of scale, evaluate the fiscal impacts of detachment of service territory from the Sacramento Metro Fire District.

To assist with the question, gather policy input from fire protection administrators in the region.

Similarly, if the regulatory environment for wastewater collection and treatment make it conceptually possible to show a benefit to the General Fund from a city-operated wastewater system, evaluate the fiscal impacts of detachment of all current wastewater service providers. To assist with the question, gather policy input from utility administrators in the region.

Contingent on whether the General Fund will conceptually benefit from a city-owned water system, evaluate the fiscal impact of detachment of existing water providers. To assist with the question, gather policy input from utility administrators in the region.

Meetings: None.

Deliverables: Tables summarizing quantitative analysis of special districts.

Task 4: Annexation Analysis

Objectives: Evaluate service levels, costs, and revenues under alternative governance scenario of annexation to the City of Sacramento.

Description: Refine model to analyze and compare service levels and costs under annexation to the City of Sacramento to those under incorporation as a new City. This task will use the same development scenario developed in Subtask 2.1.

Evaluate taxes and fees paid by property owners, citizens, and businesses under the annexation scenario. Each revenue and cost input will be developed using either a per capita or case study approach as shown in the following table:

Annexation Service Area Approach

Service	Per Capita Approach	Case Study Approach
Animal Control	X	
Fire and EMS ¹		X
General Government	X	
Parks and Recreation ²	X	
Planning	X	
Public Protection	X	
Public Works	X	

1 Analysis will not consider impacts on Sacramento Metropolitan Fire District or impacts of City assuming personnel costs.

2 Per acre.

Consultant will calculate per capita factors by dividing total annual revenues or costs by the appropriate service population. Service population will include the current residential and employment population. Employment will be weighted appropriately to reflect impacts relative to residents for each revenue or cost line item. The analysis will estimate ongoing staffing and related costs based on current levels of service in the City of Sacramento.

Analysis assumes the City of Sacramento would be the sole provider of municipal services in Arden Arcade as in its current territory. The analysis assumes detachment from current service providers.

Meetings: None.

Deliverables: Tables summarizing quantitative analysis for annexation scenario.

Task 5: Draft Comprehensive Fiscal Analysis Report

Objectives: Elicit public comment on incorporation fiscal feasibility; support LAFCo policy decisions and actions.

Description: Prepare the administrative draft CFA. Include findings regarding fiscal feasibility. Clearly describe all data sources, assumptions, and methodologies. Meet with LAFCo staff to discuss and receive comments. Based on one round of comments prepare the public draft CFA for public review and revenue neutrality negotiations. Prepare final draft CFA based

on one round of comments or prepare a separate response to comments as appropriate. Integrate results of revenue neutrality negotiations as directed by LAFCo staff. Present final draft CFA to the public and Commission using slide presentation.

Meetings: Four (4) meetings: one (1) meeting to review administrative draft CFA with incorporation proponents; one (1) meeting to present final draft CFA at public workshop; and up to two (2) meetings to present final draft CFA to Commission.

Deliverables: Administrative draft CFA (10 hard copies plus digital format), public draft CFA (50 hard copies plus digital format), and final draft CFA (50 hard copies plus digital format).

Optional Task 6: Revenue Neutrality Negotiations

Objectives: Provide additional fiscal information related to the proposed incorporation for the revenue neutrality negotiation process.

Description: On an as needed basis, provide analytical support for the revenue neutrality negotiation process. Services under this task to be provided at time and expense.

Meetings: As needed.

Deliverables: As needed.

PROJECT SCHEDULE AND BUDGET

Schedule

Consultant shall complete a comprehensive fiscal analysis for the proposed Arden-Arcade incorporation within five (5) months of receipt of the fiscal year 2007-08 financial statements for the County of Sacramento.

Deliverables	Scheduled Completion Date
1: Data Request to County	July 2008
2: Full Service City Analysis Tables	December 2008
3: Annexation Analysis Tables	September 2008
4: Draft Incorporation Tables	December 2008
5: Administrative Draft CFA Report	February 2009
6: Final CFA Report	March 2009

Budget

The total budget for Consultant's services shall not exceed **\$90,000**, including direct expenses related to this fiscal analysis project. Additional expenses must be authorized in writing. Consultant will invoice LAFCo monthly for services.

On August 1, 2008, LAFCo will collect funds sufficient to start the Incorporation, Annexation, and Full Service City Analysis. Upon receipt of such funds, LAFCo will issue a notice to Consultant, authorizing work to begin.

On November 1, 2008, LAFCo will collect funds for the remaining tasks. Upon receipt of such funds, LAFCo will issue another notice to Consultant, authorizing work to begin.

Consultant will not proceed with work on tasks until LAFCo confirms that task funds are collected and available for payment. The following table shows the proposed budget by task group and the cumulative funds needed to proceed to each task group.

Budget by Start Date/Task Group and Cumulative Budget

Start Date/Task Group	Task Group Budget	Cumulative Budget
1. July 1/Data Request to all Agencies	\$5,000	\$5,000
2. Aug 1/Start Incorporation, Annexation, Full Service Analysis	\$40,000	\$45,000
3. Nov 1/ Finish Analyses and Draft CFA	\$45,000	\$90,000

Additional services under the optional Task 6 and any additional meetings may be authorized by LAFCo and will be billed at Consultant's then-current hourly consulting rates. Consultant's current hourly rates are:

MUNIFINANCIAL HOURLY RATE SCHEDULE	
TITLE	HOURLY RATE
Division Manager	\$200
Principal Consultant	190
Senior Project Manager	155
Project Manager	135
Senior Project Analyst	120
Senior Analyst	110
Analyst	90
Analyst Assistant	75
Property Owner Services Representative	50
Support Staff	45

EXHIBIT B

TERMS AND CONDITIONS

(Consulting Agreement)

GENERAL PROVISIONS

1. Independent Contractor. At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of LAFCo.

2. Time. Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of Consultant's obligations pursuant to this Agreement.

3. Indemnification. Consultant shall assume the defense of, and indemnify and save harmless, LAFCo, its directors, officers, agents, employees and representatives, from any and all claims, costs, damages, expenses, injuries, liability and losses, including but not limited to attorney's fees and litigation costs, accruing or resulting to any and all consultants, subcontractors, materialmen, laborers, employees, and other person, firm or corporation furnishing or supplying work, services, materials, or supplies, in connection with the performance of this Agreement, from any and all claims and losses accruing or resulting to any person who may be injured or killed or any property damaged by Consultant directly or indirectly in the performance of this Agreement, to the extent resulting from Consultant's negligence or other wrongful conduct, except where such claims and losses are due to the sole active negligence or willful misconduct of the indemnitee.

4. Consultant not Agent. Except as LAFCo may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of LAFCo in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind LAFCo to any obligation whatsoever.

5. Products of Consulting. All products of consulting shall become the sole property of LAFCo and shall be delivered to LAFCo before the end of performance under this Agreement.

6. Assignment Prohibited. Consultant may not assign any right or obligation pursuant to this Agreement without prior written consent of LAFCo. Any attempted or purported assignment of any such right or obligation by Consultant without such consent shall be void and of no effect.

7. Modifications and Amendments. This Agreement may be modified or amended by mutual consent of Consultant and LAFCo, evidenced in writing and executed by the parties.

8. Changes. LAFCo may, from time to time, request changes in the scope of work of the Agreement to be performed hereunder. Such changes, including any increase or decrease in the amount of Consultant's compensation, which are mutually agreed upon by and between LAFCo and Consultant, shall be incorporated in written amendments to this Agreement.

9. Termination. This Agreement may be terminated by LAFCo on forty-eight (48) hours written notice. The effective date of termination shall be the 48th hour of said written termination notice with no further action by either party. Consultant may terminate on forty-eight (48) hours written notice only upon the written consent of LAFCo unless LAFCo has breached or is in default under the Agreement.

In the event LAFCo abandons the project, upon written notification to the Consultant, this Agreement shall terminate. In the event of termination, Consultant shall be entitled to the authorized compensation earned by it through the date of termination, computed pro rata up to and including the date. Consultant shall be entitled to no further compensation as of the date of termination except as may be necessary to deliver products to LAFCo. In no event shall LAFCo be liable for lost profits. In no event shall Consultant perform uncompensated work for LAFCo after the date of termination.

10. Products to be Delivered on Termination. In the event of termination of this Agreement, Consultant shall immediately deliver to LAFCo all files, memoranda, notes, draft reports and all other matter prepared by Consultant in the course of providing services pursuant to this Agreement. All such material shall be the sole property of LAFCo.

11. Notices. Any and all notices, demands, request, or other matters required by this Agreement or by law to be served on, or given to, or delivered to either party hereto, LAFCo or Consultant, by the other party to this Agreement, shall be in writing and shall be deemed duly served, given, or delivered when personally delivered to the party to whom it is addressed or in lieu of such personal service, when deposited in the United States mail, postage prepaid, addressed to LAFCo or Consultant as provided in this Agreement. Either party may change his address for the purpose of notices by giving written notice of such change to the other party in the manner as herein provided.

12. Insurance.

a. Consultant shall carry workers' compensation insurance unless Consultant

executes the "No Employees Certification Form" attached.

b. Consultant shall carry general liability insurance with a combined single limit of not less than \$500,000 per occurrence, \$1,000,000 general aggregate. Consultant shall provide LAFCo with a certificate of insurance on a standard form showing that (1) Consultant maintains the required general liability insurance; (2) the insurer shall not terminate or modify coverage without twenty (20) days' advance written notice to LAFCo, ten (10) days' notice if cancellation is due to nonpayment of premium.

c. Consultant shall carry automobile liability insurance with a minimum coverage of \$1,000,000 per person and per accident for bodily injury and \$300,000 for property damage. Consultant shall either (1) provide LAFCo with a certificate of insurance on a standard form showing that Consultant maintains the required automobile liability insurance, that the insurer shall not terminate or modify coverage without twenty (20) days' advance written notice to LAFCo, and that LAFCo is an additional insured's; or (2) affirm in writing the name of Consultant's automobile liability insurer and policy number, the policy limits and effective dates of coverage, that the coverage will be kept in place for the duration of the Agreement, that Consultant has a valid driver's license, and that his or her vehicle is in proper operating condition.

13. Licenses. At its sole cost, Consultant shall obtain and keep in full force and effect during the term of this agreement, all licenses, permits and other entitlements required for Consultant to legally perform the services provided pursuant to federal, state and local authorities.

14. Attorney's Fees. In the event any action is brought by either party to this contract to enforce this contract or for breach of this contract or for a declaration of rights and duties of the parties to this contract, the prevailing party shall recover its cost of suit and attorney's fees incurred in such action from the other party.

15. Fair Employment. In the performance of this contract, Consultant will not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical handicap, mental condition, marital status, sex or age¹ pursuant to Section 12940 et seq. of the Government Code. Consultant will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, religious creed, color, national origin, ancestry, physical handicap, mental condition, marital status, sex or age. Such

¹"It is an unlawful employment practice for an employer to refuse to hire or employ, or to discharge, reduce, suspend, or demote any individual over the age of 40 on the ground of age, except in cases where the law compels or provides for such action." (Government Code Section 12941)

action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; terms conditions or privileges of employment; and selection for training, including apprenticeship. Consultant shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by LAFCo setting forth this Fair Employment provision.

Consultant will permit access to his records of employment, employment advertisements, application forms, and other pertinent dates and records by the Fair Employment and Housing Commission or LAFCo for the purpose of investigation to ascertain compliance with the Fair Employment section of this contract.

Remedies for willful violation:

a. LAFCo may determine a willful violation of these Fair Employment provisions to have occurred upon receipt of a final judgment having that effect from a court in an action to which Consultant was a party, or upon receipt of a written notice from the Fair Employment and Housing Commission that it has investigated and determined that Consultant has violated the California Fair Employment and Housing Act, and has issued an order, under Government Code Section 12970, which has become final, or obtained injunctive relief under Government Code Section 12973.

b. For willful violation of these Fair Employment provisions, LAFCo shall have the right to terminate this contract either in whole or in part, and any loss or damage sustained by LAFCo in securing the goods or services hereunder shall be borne and paid by Consultant and his surety under the performance bond, if any, and LAFCo may deduct from any monies due or that thereafter may become due to Consultant, the differences between the price named in the contract and the actual costs thereof to LAFCo.

16. Conflict of Interest.

a. Consultant represents that it has no financial interest in any bidder, prospective bidder, contractor, or subcontractor or any other entity connected with or directly affected by the services provided or work performed by Consultant, other than those listed below. A Consultant has a "financial interest" if it is reasonably foreseeable that Consultant, or a member of his or her immediate family, may gain a material financial advantage as a result of Consultant's relationship with any bidder, prospective bidder, contractor, or subcontractor or any other entity connected with or directly affected by the services provided or work performed by Consultant. As used throughout this Section, the term "Consultant" includes every owner and every employee of Consultant.

Name:

Address:

Relationship to Consultant:

Name:

Address:

Relationship to Consultant:

____ initial and use a separate sheet of paper, if necessary

b. Consultant represents that neither Consultant nor any member of Consultant's immediate family has, or anticipates having, any financial interest (as defined in subsection (e) below) in any contract made or to be made by LAFCo in which Consultant or any member of Consultant's immediate family, has advised LAFCo or participated in preliminary discussions, negotiations, compromises, reasoning, planning, drafting of plans and/ or specifications, or solicitation of bids. Consultant further represents that neither Consultant nor any member of Consultant's immediate family has been or anticipates being either a purchaser at any sale or a vendor at any purchase made by LAFCo. If Consultant or any member of Consultant's immediate family has or anticipates having any financial interest in any such contract or purchase, Consultant shall provide the following information with respect to each such interest:

Name of entity under contract with LAFCo:

Relationship to Consultant:

Name of entity under contract with LAFCo:

Relationship to Consultant:

Name of entity under contract with LAFCo:

Relationship to Consultant:

_____ initial and use a separate sheet of paper, if necessary

c. If requested by LAFCo, Consultant agrees to file a completed "Fair Political Practices Commission (FPPC) Form 700, Statement of Economic Interest for Designated Employees" with LAFCo in accordance with LAFCo's Conflict of Interest Code.

d. LAFCo hereby determines that Consultant is hired to perform a range of duties that are limited in scope. A description of Consultant's duties is contained in Exhibit A. Based upon that description, Consultant shall:

___ Not be required to file a FPPC Form 730.

___ File a FPPC Form 730 and disclose pursuant to:

___ Disclosure Category 1.

___ Disclosure Category 2.

___ Disclosure Category 3.

___ Disclosure Category 4.

_____ Executive Officer's Initials

e. For the purposes of this Section, a Consultant has a "financial interest" if it is reasonably foreseeable that Consultant, or member of Consultant's immediate family, may gain a material financial advantage as a result of Consultant's relationship with any bidder, prospective bidder, contractor, or subcontractor or any other entity connected with or directly affected by the services provided or work performed by Consultant. As used throughout this Section, the term "Consultant" includes every owner and every employee of Consultant.

WORKERS' COMPENSATION INSURANCE CERTIFICATION

TO THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION:

The undersigned does hereby certify that Consultant is aware of the provisions of Section 3700 et seq. of the Labor Code which require every employer to be insured against liability for workers' compensation claims or to undertake self-insurance in accordance with the provisions of said Code, and that Consultant will comply with such provisions before commencing the performance of work on this contract.

Consultant

By:

Title:

Address:

Date:

PLEASE READ CAREFULLY BEFORE SIGNING

To be signed by authorized corporate officer, partner or individual. If the Consultant is:

1. An individual using a firm name, sign: "Jane Doe, individual doing business as Blank Company".
2. An individual doing business under his/her own name, sign: your name only.
3. A co-partnership sign: "John Doe and Jane Roe, co-partners doing business as Blank Company, by John Doe, Co-Partner."
4. A corporation, sign: "Blank Company, by John Doe, Vice President." (or other title).

NO-EMPLOYEE CERTIFICATION

Consultant certifies that she has no employees and is not subject to the provisions of Section 3700, et seq., of the California Labor Code ("Code"), which requires every employer to be insured against liability for worker's compensation claims or to undertake self-insurance in accordance with the provisions of the Code. Consultant agrees that she will comply with such provisions immediately upon hiring any employee.

Consultant: _____
By: _____
Title: _____
Address: _____
- _____
Date: _____

PLEASE READ CAREFULLY BEFORE SIGNING

To be signed by authorized corporate officer, partner or individual submitting the bid.
If the Consultant is: (Example)

1. An individual using a firm name, sign: "Jane Doe, individual doing business as Blank Company".
2. An individual doing business under his/her own name, sign: your name only.
3. A co-partnership sign: "John Doe and Jane Roe, co-partners doing business as Blank Company, by John Doe, Co-Partner."
4. A corporation, sign: "Blank Company, by John Doe, Vice President." (or other title).

Amendment No. 1 to Consultant Agreement with Michael Brandman Associates

This First Amendment to the Consultant Agreement ("**Agreement**") between the Sacramento Local Agency Formation Commission, a public agency ("**LAFCo**"), and Michael Brandman Associates, a California corporation ("**Consultant**"), is entered into effective as of the ___ day of June, 2008.

Recitals

- A. WHEREAS, LAFCo and the Consultant entered into a Consultant Agreement effective _____, 2007; and
- B. WHEREAS, the parties wish to amend the Consultant Agreement to update the current work schedule.

Agreement

NOW, THEREFORE, the parties agree as follows:

1. Section 2.c. (Compensation and Expenses) is revised to read:

In no event shall the total compensation to Consultant for work performed and reimbursement of expenses incurred pursuant to this Agreement exceed \$159,200, unless this Agreement is amended in writing.

Sections 1 a. through d. of Section 1 will remain in full force and effect.

2. Section 6 (Time of Work), is modified to state as follows:

Consultant shall perform services required in a timely manner. The time for completion of Consultant's work depends upon receipt of funds by LAFCo from the incorporation proponents. As a consequence, no due date is required, however, Consultant shall use its best efforts to complete the work in time to allow for consideration by LAFCo on or before June 30, 2008. If LAFCo does not receive funds in a timely manner, Consultant is under no obligation to complete the work within this time frame. Pursuant to LAFCo's revised agreement with Proponents, Proponents shall provide one payment on August 1, 2008, and a second payment on November 1, 2008. Consultant shall not proceed with the scope of work until it has received written confirmation from LAFCo that said funds have been received from the proponents.

3. "Cost Estimate" in Exhibit A (MBA Work Plan, Schedule and Cost and Funding), shall be replaced with the revised Cost Estimate attached hereto in Exhibit A to this Agreement.

4. "Funding Schedule" in Exhibit A (MBA Work Plan, Schedule and Cost and Funding), shall be replaced with the revised Funding Schedule attached hereto in Exhibit A to this Agreement.

5. Except as expressly amended herein, all terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this First Amendment to Consultant Agreement has been executed by the parties hereto on the date first written above.

LAFCo

Consultants

By _____
Peter Brundage
Executive Officer
Sacramento Local Agency Formation
Commission

By _____
Stephen Jenkins

Approved by LAFCo Counsel

By _____
Nancy Miller

ATTACHMENT A – REVISED COST ESTIMATE AND SCHEDULE

Cost Estimate

Revised May 30, 2008

Task	Description	Cost
1	Project Initiation	\$9,480
2	Prepare Project Description, Alternatives, Project Objectives, and Significance Criteria	12,700
3	Prepare and Circulate Notice of Preparation and Scoping Meetings	9,420
4	Prepare Administrative Draft EIR	58,180
5	Prepare and Circulate Draft EIR, Notices	22,510
6	Prepare Administrative Final EIR and MMRP	14,350
7	Prepare and Distribute Final EIR and Findings	9,960
8	Staff Meetings and Certification Hearings	8,400
	“Contingencies” to Cover Updates Required due to Delay, if necessary	14,400
Revised Project Total		\$144,880

FUNDING SCHEDULE

Project Schedule and Funding Requirements (revised May 30, 2008)

Milestone	Completion Date	Minimum Funding Requirements
Sign Agreement and Notice to Proceed Minimum Funding Requirement	8-20-07	Task 1 \$ 9,480 Task 2 \$12,700 Task 3 \$ 9,420 Task 4 \$10,000 Total \$41,600
Project Initiation Meeting with Sacramento LAFCO Staff to discuss EIR Format, Significance Criteria, Draft Project Objectives, Project Description, Prelim Alternatives, Cumulative Project List/Study Area, Public Controversy, Scope, Schedule and LAFCO Mailing List	8-22-07	

Milestone	Completion Date	Minimum Funding Requirements
Submit Draft Significance Criteria, Project Objectives, Project Description, Alternatives, and Cumulative Project list to LAFCO	8-30-07	
LAFCO Staff returns comments	9-5-07	
Submit Draft Notice of Preparation (NOP) to LAFCO Staff	9-7-07	
LAFCO Staff returns comments on NOP	9-12-0-7	
NOP submitted to State Clearinghouse for 30 day public review period	9-14-07	
Minimum Funding Required	9-14-07	Task 4 \$35,000 Task 8 \$ 2,500 Total \$37,500
Scoping meeting during NOP public review period	10-3-07	
Close of NOP 30 day public review period	10-15-07	
Minimum Funding Required	10-16-07	Task 4 \$13,180 Task 5 \$10,000 Task 8 \$ 2,500 Total \$25,680
Minimum Funding Required	8-01-08	Total \$56,285
Prepare and submit Administrative Draft EIR (ADEIR) to LAFCO Staff	10-17-08	
LAFCO Staff returns comments on ADEIR	10-31-08	
Minimum Funding Required	11-01-08	Total \$14,400
Print-ready Draft EIR to LAFCO Staff	11-10-08	
LAFCO Staff approves Print-ready Draft EIR	11-24-08	
Publish Draft EIR and Begin 45-day Public Review Period (legal ad, NOC, NOA, DEIR)	12-5-08	
Public Hearing on Draft EIR during public review period	TBD	
Close 45-day public Review Period	1-19-09	
Prepare and submit Administrative Final EIR (AFEIR) Draft MMRP, and Draft Findings and Overriding considerations	2-13-09	

Milestone	Completion Date	Minimum Funding Requirements
to LAFCO Staff		
LAFCO Staff returns comments on AFEIR Draft MMRP, and Draft Findings and Statement of Overriding Considerations	2-27-09	
Print-ready Final EIR to LAFCO Staff	3-20-09	
LAFCO Staff approves Print-ready Final EIR	3-27-09	
Publish Final EIR	4-3-09	
Sacramento LAFCO Hearings Begin	May 2009	