



230 S. STERLING DRIVE, SUITE 100, MOUNTAIN HOUSE, CA 95391
(209) 831-2300 • (209) 831-5610 FAX

CONSULTANT AGREEMENT

CONTRACT ID # A-1920-21

DATE: February 12, 2020

PARTIES:	MHCSD:	Mountain House Community Services District 230 S. Sterling Dr, Ste 100 Mountain House, CA 95391
	CONSULTANT:	Berkson Associates 34 Terrace Ave San Anselmo, Ca 94960

The Parties agree as follows:

1. Priority of Documents:

Each of the items listed below is hereby incorporated into this Agreement by this reference. In the event of an inconsistency in this Agreement, the inconsistency shall be resolved by giving precedence in the following order:

- A. Applicable Federal and State of California statutes and regulations, this Agreement and its exhibits.
- B. CONSULTANT'S Proposal dated December 24, 2019.

2. Scope of Professional Services:

CONSULTANT agrees to provide preparation of the Incorporation Feasibility Analysis, per attached Scope of Service ("Work").

3. Term of Agreement:

This Agreement shall commence on the date of execution by the MHCS D General Manager, and continue until December 31, 2020, unless said work is completed on a date prior thereto or unless terminated earlier as provided herein.

4. Compensation:

The compensation shall not exceed the amount of \$54,220 for services performed pursuant to this Agreement. Payments shall be made within 30 days of receipt of invoice from CONSULTANT.

5. Standard of Performance:

CONSULTANT shall perform all Work in a first-class manner in conformance with the standards of quality normally observed by a person practicing in CONSULTANT's profession.

6. Inspection:

All Work performed and materials (if any) provided by CONSULTANT shall be subject to inspection and approval by MHCS D.

7. Invoicing:

CONSULTANT shall submit one original and one copy of each invoice to: MHCS D, 230 S. Sterling Drive, Suite 100, Mountain House, CA 95391. All invoices must reference this Contract ID Number, the service performed and the Federal Tax Payer Identification Number. Each invoice shall also identify (1) total contract amount (\$), (2) expenses to date (\$), (3) remaining funds per contract (\$), and (4) total amount due per invoice (\$). Payments will be made against invoices as submitted.

8. Consultant's Status:

In the performance of work, duties and obligations imposed by this Agreement, the CONSULTANT is at all times acting as an Independent Contractor practicing his or her profession and not as an employee of the MHCS D. CONSULTANT shall perform the CONSULTANT's work in accordance with currently approved methods and standards of practice in the CONSULTANT's professional specialty. A copy of CONSULTANT's current business license shall be provided to MHCS D. The CONSULTANT shall not have any claim under this Agreement or otherwise against MHCS D for vacation, sick leave, retirement benefits, social security or worker's compensation benefits. The CONSULTANT shall be responsible for federal and state payroll taxes such as social security and unemployment. MHCS D will issue a form 1099 at year-end for fees earned.

9. Assignments:

Inasmuch as this Agreement is intended to secure the specialized services of the CONSULTANT, CONSULTANT may not assign, transfer, delegate or subcontract their obligation herein without the prior written consent of MHCSO. Any such assignment, transfer, delegation or subcontract without the prior written consent shall be considered null and void.

10. Non-Exclusive Rights:

This Agreement does not grant to CONSULTANT any exclusive privileges or rights to provide services to MHCSO. CONSULTANT may contract with other agencies, private companies or individuals for similar services.

11. Compliance:

CONSULTANT shall comply with all Federal, State and local laws, regulations and requirements necessary for the provision of contracted services. Furthermore, CONSULTANT shall comply with all laws applicable to wages and hours of employment, occupational safety, and to fire safety, health and sanitation.

CONSULTANT represents and warrants that CONSULTANT possesses all licenses, permits, and qualifications legally required for the performance of the Work. CONSULTANT shall, at CONSULTANT's sole cost and expense, maintain all such licenses, permits and qualifications in full force and effect throughout the term of this Agreement.

12. Indemnification, Hold Harmless and Defense:

To the fullest extent permitted by law, CONSULTANT shall indemnify, hold harmless and defend MHCSO, its directors, officers, employees, agents and authorized volunteers, and each of them, from and against any and all claims, demands, causes of action, damages, penalties, judgments, awards, decrees, costs, expenses, attorneys' fees, losses or liabilities, in law or in equity, of every kind or nature, including but not limited to personal injury, bodily injury, wrongful death, and property damage including any damage to MHCSO's property, arising out of CONSULTANT's alleged negligence, or wrongful acts related to or in connection with CONSULTANT'S performance of duties under the terms and conditions of this Agreement.

To the fullest extent permitted by law, MHCSO shall indemnify, hold harmless and defend the CONSULTANT, its directors, officers, employees, agents and each of them (collectively referred to as "CONSULTANT Indemnified Parties") from and against any and all claims, demands, causes of action, damages, penalties, judgments, awards, decrees, costs, expenses, attorneys' fees, losses or liabilities, in law or in equity, of every kind or nature, including but not limited to personal injury, bodily injury, wrongful death, and property damage including any damage to the CONSULTANT's property, arising out of MHCSO's alleged negligence, or wrongful acts related to or in connection with MHCSO's performance of duties under the terms and conditions of this Agreement.

13. Insurance:

CONSULTANT, if required to work on MHCS D property during the contract period, shall submit proof of insurance to MHCS D showing Mountain House Community Services District, its officers, agents and employees named as Additional Insured. Insurance policy shall contain provisions that such policy may not be canceled except after thirty (30) days written notice to the MHCS D, ten (10) days notice if cancellation is due to nonpayment of premium.

CONSULTANT agrees that CONSULTANT is responsible to insure that the requirements set forth in this article/paragraph are also be met by CONSULTANT'S subcontractors/consultants who provide services pursuant to this Agreement. Copies of insurance certificates shall be filed with the MHCS D.

General Liability Limits

1.	BI & PD combined/per occurrence /Aggregate	\$1,000,000 \$1,000,000
2.	Personal Injury/Aggregate	\$1,000,000
3.	Professional Liabilities	\$1,000,000

Workers' Compensation and Employer's Liability Statutory requirement

14. Discrimination:

CONSULTANT shall not discriminate in the provision of service or in the employment of persons engaged in the performance of this Agreement on account of race, color, national origin, ancestry, religion, gender, marital status, sexual orientation, age, physical or mental disability in violation of any applicable local, state or federal laws or regulations.

15. Notices:

Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be effected by personal delivery or by first class mail, registered or certified, postage prepaid, return receipt requested. Unless otherwise designated by either party in writing, such notices shall be mailed as shown on the first page of this Agreement.

16. Termination:

If the CONSULTANT breaches or habitually neglects the CONSULTANT'S duties under this Agreement without curing such breach or neglect upon fifteen (15) working days written notice, the MHCS D may, by written notice, immediately terminate this Agreement without prejudice to any other remedy to which MHCS D may be entitled, either at law, in equity, or under this Agreement. In addition, either party may terminate this Agreement upon sixty (60) days written notice to other party.

17. Conflict of Interest Statement:

CONSULTANT covenants that CONSULTANT, its officers or employees or their immediate family, presently has no interest, including, but not limited to, other projects or independent contracts, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. CONSULTANT further covenants that in the performance of this Agreement no person having any such interest shall be employed or retained by CONSULTANT under this Agreement. CONSULTANT shall not hire MHCSD's employees to perform any portion of the work or services provided for herein including secretarial, clerical and similar incidental services except upon the written approval of MHCSD. Performance of services under this Agreement by associates or employees of CONSULTANT shall not relieve CONSULTANT from any responsibility under this Agreement.

18. Drug Free Workplace:

CONSULTANT shall comply with the provisions of Government Code Section 8350 et seq., otherwise known as the Drug-Free Workplace Act.

19. Force Majeure

It is agreed that neither party shall be responsible for delays in delivery or acceptance of delivery or failure to perform when such delay or failure is attributable to Acts of God, war, strikes, riots, lockouts, accidents, rules or regulations of any governmental agencies or other matters or conditions beyond the control of either the seller/contractor or the purchaser.

20. Form Law:

The Laws of the State of California shall govern this Agreement. Venue is San Joaquin County. The provision of this paragraph shall survive expiration or other termination of this Agreement regardless of the cause of such termination.

21. Documents:

All drawings, specifications, documents and other memoranda or writings relating to the work and services hereunder, shall remain or become the property of the MHCSD whether executed by or for the CONSULTANT for MHCSD, or otherwise by or for the CONSULTANT, or by or for a subcontractor operating under the CONSULTANT'S supervision, or direction, and all such documents and copies thereof shall be returned or transmitted to MHCSD forthwith upon termination or completion of the work under this Agreement.

22. Attorneys' Fees:

If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which such party may be entitled.

23. Waiver:

No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the waiving party.

24. No Third Party Beneficiaries:

Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the parties, any rights or remedies hereunder.

25. Headings:

The headings of the sections and exhibits of this Agreement are inserted for convenience only. They do not constitute part of this Agreement and are not to be used in its construction.

26. Non-Liability of Officials, Employees and Agents:

No officer, official, employee or agent of District shall be personally liable to CONSULTANT in the event of any default or breach by District or for any amount which may become due to CONSULTANT pursuant to this Agreement.

27. Entire Agreement and Modification:

This Agreement supersedes all previous Agreements either oral or in writing and constitutes the entire understanding of the parties hereto. No changes, amendments or alterations shall be effective unless in writing and signed by both parties.

IN WITNESS WHEREOF, MHCS D and CONSULTANT have executed this Agreement on the day and year first written above.

Consultant

By: Richard L. Berkson
Richard Berkson

Mountain House Community Services District,
a political subdivision of the State of California

By: Steven J. Pinkerton
Steven J. Pinkerton
General Manager

Date: 2/24/20

Approved as to Form:

By: John Bakker
John Bakker
Interim General Counsel



**Berkson
Associates**

Urban Economics
Policy Forensics & Forecasting
Planning & Policy Analysis

PROPOSAL

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT:
INCORPORATION FEASIBILITY ANALYSIS

Prepared by BERKSON ASSOCIATES
December 24, 2019

richard@berksonassociates.com | 510.612.6906 | www.berksonassociates.com

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1. COVER LETTER

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Steven Pinkerton, General Manager
Mountain House Community Services District
230 S. Sterling Drive, Suite 100
Mountain House, CA 95391
sent via email

December 24, 2019

Dear Mr. Pinkerton,

I appreciate the opportunity to submit this proposal to prepare Feasibility Analysis for the proposed incorporation of the Mountain House Community Services District.

As with most incorporations, I understand that the effort is motivated by the community's desire to improve local control over governance, public services and facilities, and planning issues. A city offers opportunities to pursue grants and other local revenues, promote economic development, and assure that important decisions affecting the community are in the hands of a locally-elected city council.

In addition to preparing several dozen incorporation and reorganization feasibility studies throughout California, Berkson Associates ("BA") has extensive experience in a broad range of disciplines essential to an effective incorporation study: fiscal and municipal budget analysis and forecasting, public facilities planning and infrastructure finance, and market analysis of future growth and real estate demand. This experience provides a solid basis for helping MHCS D strategically plan for a feasible and efficient transition to cityhood.

Mountain House is unique in several respects - as a master planned community, MHCS D's formation was accompanied by the creation of several assessments that provide revenue for many of the services typically provided by the County or by a city. The existing CSD structure and revenues base creates a solid foundation for a new city. As a city, additional revenues could be captured as the community continues to grow and attract tax-generating commercial and industrial uses.

The purpose of the feasibility analysis is to compare the costs facing a new city of Mountain House to its potential revenues. A key element of the analysis is to estimate the transfer of property taxes from the County and determine the revenue neutrality payment, if any, that the city would owe if it causes adverse County financial impacts.

This proposal anticipates a multi-phase process:

- **Initial Fiscal Analysis (IFA)** - Preparation of an IFA provides an initial assessment of financial feasibility, and identifies issues requiring further resolution. This document would provide the MHCS D Board and residents a quantitative understanding of the pro's and cons of incorporation as a basis for deciding whether to move forward with incorporation.

- **Application to LAFCO** – If the MHCS D Board and residents choose to move forward with an incorporation application to LAFCO, a more detailed Comprehensive Fiscal Analysis (CFA) would be prepared as a basis for revenue neutrality negotiations with the County over property tax and other issues that may arise. LAFCO will create Terms and Conditions applicable to the incorporation proposal and hold hearings on the proposal once the MHCS D/County negotiations are concluded. If LAFCO finds that the incorporation is feasible and adequately mitigates adverse impacts, the residents of MHCS D will have an opportunity to vote on becoming a city.
- **Transition to Cityhood** – Following a majority approval of incorporation, a transition period would require the County to continue to provide services, which would be repaid by the new city in subsequent years. Revenue neutrality payments from the City to the County, if any, would occur over a period of time to be determined. The new city may continue contracting with the County and other agencies for services, and may choose over time to provide those services and create new city departments.

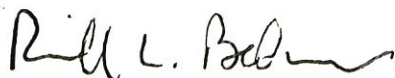
This proposal focuses on Step 1, preparation of an IFA. The IFA will be closely aligned with the MHCS D's budget format and intended to clearly delineate changes attributable to incorporation. The more detailed CFA can build on the structure and analysis of the IFA as necessary to clarify and resolve cityhood issues, and/or evaluate alternative assumptions and service scenarios.

The IFA will require about six months as described in SECTION 5 of this proposal. The subsequent LAFCO process, including preparation of a CFA, can take 12 to 18 months or more including required LAFCO hearings.

Please let me know if you have any questions about this proposed Scope of Work. I look forward to discussing the project with you further.

This proposal remains valid for a period of sixty (60) days from date of submittal.

Sincerely,



Richard Berkson, Principal, BERKSON ASSOCIATES

34 Terrace Ave.

San Anselmo, CA 94960

(510) 612-6906

Richard@BerksonAssociates.com

2. PROJECT APPROACH & SCOPE OF WORK

The Initial Fiscal Analysis (IFA) will help to guide the incorporation efforts by providing an objective, transparent and well-documented analysis of fiscal feasibility and other incorporation issues such as County impacts and revenue neutrality payments to mitigate the impacts. The implications of various assumptions will be described, for example, future revenues depending on economic development activities, and potential transition and ongoing agreements with the County.

BERKSON ASSOCIATES will prepare a clearly written, easily understood and well-documented report. The report will assist MHCS D in its decision process about whether to proceed, and help LAFCO in the subsequent approval process.

The following tasks describe BERKSON ASSOCIATES' workplan, approach and methodology. These tasks will be refined during **Task 1: Project Initiation** and in response to needs of the Project and Client as the Project progresses.

TASK 1: PROJECT INITIATION

BERKSON ASSOCIATES will schedule a kick-off meeting with the Client to occur within approximately three weeks of receiving signed authorization to proceed. The meeting will include representatives from the City and any other stakeholders and agencies, at the direction of the Client.

The purpose of the meeting is to review and discuss:

- Scope of Work and timeline
- Issues, concerns and objectives
- Available information and documents, sources, and key contacts
- Project Description, including development scenarios to be created in collaboration with MHCS D staff and other consultants involved in economic development planning for MHCS D
- Future meetings, workshops, presentations and other outreach

As a result of this meeting the project scope and schedule may be refined.

TASK 2: DATA COLLECTION AND REVIEW

BERKSON ASSOCIATES will review available data from **Task 1** provided by the Client, and conduct additional research as necessary. This research may involve engagement with LAFCO and County staff (to be coordinated with the Client).

Key items to be compiled and reviewed include:

- MHCS D plans, programs and agreements

- MHCS D budgets, budget forecasts, financial audits, capital improvement plans, cost of service studies, and other relevant documents
- Historic growth patterns and any available projections (e.g., MHCS D studies, SJCOG, etc.)
- County documents, including budgets and other relevant financial documents
- Applicable LAFCO policies and requirements
- Budgets of comparable cities

Data Requests will be prepared and distributed following the kick-off meeting to assist with data collection. The overall Project schedule depends on the actual time required for responses, and additional time may be required depending on the availability of data and on follow-up required by Berkson Associates.

TASK 3: COST AND REVENUE FORECAST

The IFA will include a projected budget for the new city.

The analysis will estimate initial startup and ongoing operations for a period of ten years. Up to two development scenarios will be prepared in addition to a “Base Case”, for example reflecting alternative economic outlooks.

Generally, no change in current levels of service will be assumed in the IFA except as may be required for new City functions. To the extent that the City generates net surpluses, the IFA will describe how these revenues would be available for increased reserves, capital improvements, tax rate reductions, and/or improvements in services.

3.1 Revenue Estimates

The forecast will review and utilize methodologies similar to MHCS D’s budget estimates, revising the estimates as appropriate. New revenues will be estimated based on a review of comparable city budgets, statutory formulas, and other factors. The revenues will be linked to Project Description development scenarios to be developed in collaboration with MHCS D staff and its consultants.

3.2 Property Tax Transfer and Negotiations

State statutes determine the re-distribution of property tax from the County to the City based on an “auditor’s ratio” (the ratio of County costs funded by property tax). This ratio is multiplied by the cost of County services transferred to the new city to determine the amount of property tax to be transferred.

The IFA will provide a preliminary estimate of the property tax transfer. A more precise estimate depends on County accounting, and is typically provided by the County during the preparation of a CFA.

The estimated additional property tax to the new city will be included in the budget forecast for the new city.

3.3 Start-up and Transition Costs

MHCS D's incorporation prospects improve due to the fact that the District is virtually already a city; it provides most of the services of a typical city with the exception of planning and economic development. This existing governance structure means that the creation of a new city is a much smaller incremental step compared to other new cities that have been formed.

State law allows for the continuation of current County services during the first year of transition; the costs can be repaid in subsequent years, since most new cities will have minimal revenues in the initial year. The IFA will identify transition services, estimate their costs, and calculate a repayment to include in the budget forecast.

3.4 Ongoing Operating Costs

Cost estimates will be derived from existing MHCS D staffing, services and budgeted expenses. Any additional services required for a new city will be separately identified and estimated. Costs of new services will be based on various sources including current County costs or County contracts, and similar costs faced by comparable cities.

3.5 Facilities and Infrastructure Capital Costs

It is likely that no significant new facilities or capital improvements will be required, unless new staff trigger a need for additional space currently unavailable. These costs will be described and added to the budget with corresponding operation and maintenance costs.

3.6 Contingency, Reserves, and Other Funding Requirements

The budget forecast will include appropriate levels of contingency to deal with increased services and costs, and to account for unanticipated economic conditions or emergencies.

3.7 Review of Comparable Cities Budgets

State statutes refer to budgets of comparable cities as a source for estimating a new city's budget. In the case of MHCS D, many of the future costs and revenues are found in the current MHCS D budget, but a review of other cities can help inform and validate the cost estimates for new services.

3.8 Budget Forecast for the New City

Summary tables will compare revenues to expenditures and estimate annual net revenue surpluses or deficits over time. The forecast will include start-up and transition costs including transition year County services and repayment, and any revenue neutrality payments.

3.9 Revenue Neutrality

State law requires that an incorporation be "revenue neutral" and not create an adverse financial impact on another agency. Generally, the agency most affected would be the County due to the transfer

of revenues from the county to the new city. The County's losses are often offset by reductions in its cost responsibilities.

The IFA will estimate revenue neutrality and include estimated payments by the new city, if any, in the budget forecast for the new city. The actual impact on the County will be refined during the CFA preparation, and any payment amounts and terms would be negotiated. However, the IFA will provide an initial indication of implications to the new city.

TASK 4: IMPACTS ON OTHER AGENCIES

As noted above in 3.9, the County may experience impacts due to the city incorporation. The IFA will estimate these impacts, and any impacts on other agencies that may need to be mitigated. If the incorporation process moves forward, the CFA will further define these impacts based on information provided by the agencies, and LAFCO may create "Terms and Conditions" that mitigate the impacts (for example, through a "revenue neutrality" payment).

TASK 5: PREPARE IFA AND RELATED MATERIALS

5.1 Report Preparation

The purpose of the report is to provide the community clear and objective information about the incorporation proposal, its service cost and tax revenue implications. The report will describe potential benefits and goals of incorporation.

The report will demonstrate the fiscal viability of the proposal and provide a basis for subsequent review and discussion and decisions by the public, the County and LAFCO. Key sections will include:

- **Comparison of Services, Cityhood vs. Status Quo** – A table will list all public services and identify the service provider, and manner of provision, before and after incorporation.
- **Project Description** – The analysis will describe key assumptions underlying growth and development and the provision of facilities and services in the future. A "sensitivity analysis" may be appropriate to test the implications of alternative assumption, for example, the ability of a new city to withstand an economic downturn.
- **Summary of Findings** – An executive summary will highlight key findings regarding feasibility.
- **Description and documentation of the analysis** – The report will summarize key assumptions and results; detailed calculations and assumptions will be included in tables in appendices.

BA will prepare an administrative draft report for limited distribution, review and comment. Following input on the administrative draft, the report will be revised for the purpose of public distribution. If needed, a final report can be prepared revised to reflect comments received during public review.

The report will include maps as appropriate. This proposal assumes that MHCS D will assist with preparation of maps.

5.2 Response to Comments, Revisions and Related Materials

As appropriate, responses to comments will be prepared and the report revised as necessary. BA will assist with additional materials, for example, Frequently Asked Questions or summaries of specific issues and options.

TASK 6: MEETINGS AND PRESENTATIONS

The meetings and presentations will be discussed at the kick-off meeting. The schedule of meetings is likely to be amended throughout the process.

6.1 Meetings with MHCS D Staff and Other Key Stakeholders

BA will participate in stakeholder meetings to discuss the report and other issues as they arise. A kick-off meeting will occur, a meeting with MHCS D staff/agencies to discuss data issues, and a meeting with MHCS D staff to review the administrative draft. Conference calls can be arranged as needed, and BA can attend a limited number of meetings at Tahoe at key points.

6.2 Community Meetings

It is assumed that BA will attend at least one community meeting or MHCS D Board meeting to present findings and respond to questions.

6.3 LAFCO Meetings

BA will be available to attend and present the incorporation proposal at a LAFCO meeting. While this is not a requirement of the statutory process, it may be helpful to engage LAFCO at an early stage in the process to inform the Commission about the pending proposal and solicit comments.

TASK 7: COMPREHENSIVE FISCAL ANALYSIS (CFA)

If MHCS D decides to proceed with an incorporation application, LAFCO will require preparation of a CFA. The CFA will be in a format similar to the IFA and include similar content and analysis but typically at a greater level of detail. LAFCO will require participation by the County, so the level of County engagement, data and review is likely to be much greater than during the IFA preparation. The County will also be motivated to participate if the incorporation potentially will have a financial impact. Therefore, the estimates and forecasts in the IFA are likely to be refined and may change in the CFA.

A CFA can require six to eight months or more, and a draft accepted by LAFCO should be completed within a year of the release of County data in order. There are likely to be a series of LAFCO workshops and one or more hearings for review and comment on the incorporation proposal. This proposal has not estimated the cost of the CFA, but a detailed IFA is likely to reduce the time and effort necessary for a CFA.

ATTACHMENT A includes an incorporation schedule previously prepared by MHCS D consultants, revised with BA notes. The IFA would be completed early in the process to help inform the community and the MHCS D board before advancing with a more costly process, and to identify key issues to be examined further if the incorporation process moves forward. The IFA will improve the veracity of the Comprehensive Fiscal Analysis and reduce its cost.

3. QUALIFICATIONS, EXPERIENCE, & REFERENCES

BERKSON ASSOCIATES (BA) specializes in fiscal and feasibility analysis, city, county and special district budget forecasting and impact analysis. BA has worked closely with LAFCOs, cities and districts for over 30 years to evaluate organizational effectiveness and service delivery options. Mr. Berkson has extensive experience preparing incorporation feasibility analysis, and reviewing operations and organizational options for cities and various types of special districts. His resume is included in **ATTACHMENT B**.

Mr. Berkson, previously a founding principal of Economic and Planning Systems, now serves as owner and principal of BERKSON ASSOCIATES and will have primary responsibility for all project direction, report authoring, analysis, and presentations. Various support services may be contracted for limited technical report production (e.g., graphics, etc.) during the Study process.

Richard Berkson, Principal of Berkson Associates, believes that sound policies and strategies require careful consideration of causality, creative problem solving, and incentive-based solutions. His practice, founded on 30+ years of experience, provides clear and concise fiscal and financial analysis based on a solid understanding of government organization (e.g., formation, annexation, and consolidation), capital improvement policy/programming, and urban economics (demographics, market & financial analysis).

QUALIFICATIONS

Familiarity with CKH Act, LAFCOs, and the Incorporation Process

BA has a thorough knowledge of the CKH Act based on preparation of numerous studies involving district formation, annexation, consolidation, detachment and other forms of reorganization over the course of more than thirty years. Mr. Berkson has presented to the California Association of LAFCOs on numerous governance topics and has prepared MSRs for dozens of cities and special districts. Mr. Berkson has worked on many projects throughout the State, including numerous incorporation studies, as well as municipal service reviews (MSRs) for cities, water and wastewater providers, fire districts, healthcare districts and recreation districts, among others.

Presenting and Analyzing Information in an Organized Format

BA's reports are well-organized, concise and clearly written for a range of stakeholders. Technical information and detailed information is provided in appendices as appropriate to improve the readability of documents and provide well-documented analysis.

Public Input, Presentations, Dissemination and Response to Public Input

BA has experience making presentations to public entities and decision-makers, including presentations as part of the incorporation process. Mr. Berkson has prepared Frequently Asked Questions (FAQ's) for LAFCO clients as part of public outreach efforts. His experience includes extensive work preparing responses to comments on his documents.

SUMMARY OF EXPERIENCE

Mr. Berkson prepares governance feasibility and special studies addressing city incorporation, and annexations. Following is a summary of expertise. **ATTACHMENT B** includes his resume; **ATTACHMENT C** provides descriptions of projects.

Government Organization

Mr. Berkson prepares governance feasibility and special studies addressing city incorporation, annexations, service reviews and special studies, special district formations, dissolutions and consolidations, and assists in the preparation of intergovernmental agreements including tax sharing. He creates detailed pro forma operational and capital budgets and develops mitigation measures.

Fiscal and Economic Analysis

Mr. Berkson analyzes and predicts fiscal and economic impacts of land uses, developments, and policies on municipal budgets. He designs fiscal models and forecasts to evaluate public service and financing issues and develops mitigation measures for long-term fiscal sustainability.

Public Finance

Mr. Berkson prepares financing strategies and plans for a wide variety of public services and infrastructure projects, including development project-related infrastructure, area-wide capital improvement programs, public safety, and recreation facilities, as well as specific infrastructure projects. Financing techniques applied include formulation of area-specific and facility-specific development impact fees, special tax bonds, sales tax measures, and financing districts.

Market and Financial Analysis

Mr. Berkson evaluates the market feasibility of a wide range of uses including recreation, residential, office, industrial, retail, and hotel, as a part of development proposals, specific and general plans, and governance studies. He prepares initial market reviews as well as detailed pricing and absorption estimates, demographic forecasting, and development strategies. Mr. Berkson constructs pro forma financial analysis of large-scale mixed-use projects, as well as individual business proposals. He has prepared economic development plans and strategies.

REFERENCES

Lou Ann Texeira, Executive Officer, Contra Costa LAFCO

40 Muir Rd 1st Floor
Martinez, CA 94553
925-335-1094
louann.teixeira@lafco.cccounty.us

Mr. Berkson has prepared numerous MSRs and special studies for Contra Costa LAFCO; one of the MSRs is underway, others were completed successfully. He has also completed incorporation feasibility studies for Contra Costa LAFCO, including the Alamo Initial Feasibility Analysis.

Paul Novak, Executive Officer, LAFCO for the County of Los Angeles

(626) 204-6500 pnovak@lalafco.org

Mr. Berkson prepared a CFA for LAFCO for the proposed incorporation of East L.A.

Kate McKenna, Executive Officer, LAFCO of Monterey County

(831) 754-5838 mckennak@monterey.lafco.ca.gov

Mr. Berkson prepared a preliminary study for incorporation proponents, and then a detailed CFA under contract to Monterey LAFCO for the proposed incorporation of Carmel Valley.

Debra Kurita, Assistant Executive Officer, Orange County LAFCO

714-640-5100 dkurita@oclafco.org

Mr. Berkson prepared the fiscal analysis of governance options for a City's utility system on behalf of Orange County LAFCO in more detail in **APPENDIX C**. The project was completed in 2019.

Paul Hood, Executive Officer, Santa Barbara County LAFCO

805-568-3391

hood.paul@sbcglobal.net

Mr. Berkson prepared a governance options study for Santa Barbara LAFCO to support the formation of a Community Services District to provide wastewater services to the community of Los Olivos. The project was completed in 2016.

Martha Poyatos, Executive Officer, San Mateo County LAFCO

650-363-1857

mpoyatos@smcgov.org

Mr. Berkson is completing a governance options study for an unincorporated area served by a Sewer Maintenance District on behalf of San Mateo LAFCO as described in **APPENDIX C**.

4. COST PROPOSAL

TABLE 1 provides a proposed budget for the Project. The budget includes up to four in-person meetings. In addition, Mr. Berkson will participate in conference calls to periodically provide updates to City staff, and to conduct interviews and follow-up with City/agency staff. The proposed budget includes an allowance for mapping, although this estimate could be reduced depending on the role of the City's GIS staff.

Table 1 Proposed Budget

Task	R.Berkson	Staff Cost Subtotal	Direct Costs ¹	Grand Total
Task 1: Project Initiation	12	\$2,760	\$0	\$2,760
Task 2: Data Collection and Review	60	\$13,800	\$0	\$13,800
Task 3: Cost and Revenue Forecast	60	\$13,800	\$0	\$13,800
Task 4: Impacts on Other Agencies	18	\$4,140	\$0	\$4,140
Task 5: Prepare IFA and Related Materials	60	\$13,800	\$0	\$13,800
Task 6: Meetings and Presentations ²	24	\$5,520	\$400	\$5,920
TOTAL HOURS	234			
Billing Rate		\$230		
TOTAL PROJECT COSTS	\$53,820	\$53,820	\$400	\$54,220

(1) Expenses are billed at actual cost. Document costs depend on document length and color requirements. Mapping costs to be determined depending on availability and cost to utilize City's GIS services.

(2) "Meetings and Presentations" include preparation/attendance at four in-person meetings and/or presentations. Additional meetings are billed at "Time and Materials" costs. Berkson Associates will participate in periodic meetings and staff/agency interviews via conference call.

5. SCHEDULE

FIGURE 1 illustrates a preliminary schedule for preparation of the IFA. The schedule will be reviewed and revised at the kick-off meeting. The schedule assumes that Berkson Associates receives authorization to proceed by mid-January.

The schedule targets completion of a draft IFA by the end of June or July so that MHCS D can decide whether to proceed and generally keep to an overall LAFCO incorporation schedule that would follow an MHCS D decision to proceed. A presentation to LAFCO is shown, which would be for informational purposes.

ATTACHMENT A includes an incorporation schedule previously prepared by MHCS D consultants, revised with BA notes. The IFA would be completed early in the process shown to help inform the community and the MHCS D board before advancing with a more costly process, and to identify key issues to be examined further if the incorporation process moves forward. The IFA will improve the veracity of the Comprehensive Fiscal Analysis and reduce its cost.

Figure 1 Preliminary IFA Schedule

Task	January	February	March	April	May	June	July
Task 1: Project Initiation	■						
Task 2: Data Collection and Review							
Task 3: Cost and Revenue Forecast		■	■	■			
Task 4: Impacts on Other Agencies		■	■				
Task 5: Prepare IFA and Related Materials			■	■	■	■	■
Administrative Draft for Staff Review				+			
Public Review Draft						+	
Report Revisions Based on Comments							+
Task 6: Meetings and Presentations							
Kick-off Meeting (Task 1)	■						
Meeting w/City Staff, Agencies			■				
MHCS D Staff Meeting (review admin. draft)					■		
s/Presentation (tbd)						■	
LAFCO Presentation (optional)							■

note: meeting/presentation dates to be determined; schedule depends on timely responses to requests and document review.

Proposal to Prepare MHCSD Incorporation Feasibility Analysis
Submitted by Berkson Associates
December 24, 2019

ATTACHMENT A

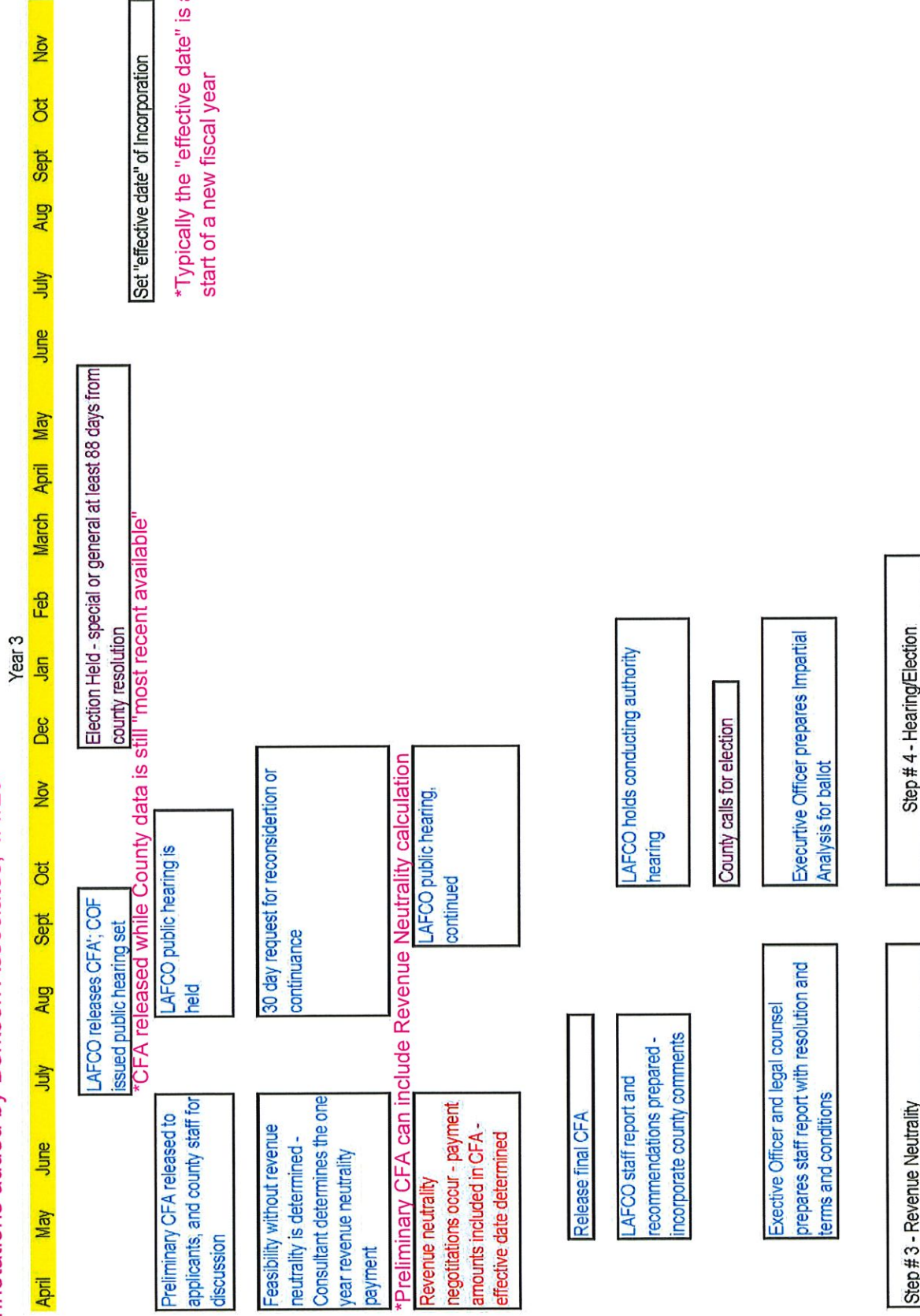
ANNOTATED SCHEDULE FOR IFA AND CFA
Draft schedule from prior incorporation analysis*

*BA annotations added

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Timeline prepared by Bob Braitman (2017)

*Annotations added by Berkson Associates, 1/1/20



Set "effective date" of Incorporation

*Typically the "effective date" is at the start of a new fiscal year

ATTACHMENT B

RESUME FOR RICHARD BERKSON



Richard Berkson

Principal, Berkson Associates

EDUCATION

Master of Public Policy,
University of California,
Berkeley

Bachelor of Arts in Social
Science, University of
California, Berkeley

Undergraduate study in
Engineering, Massachusetts
Institute of Technology
(3 semesters)

AFFILIATIONS

CALAFCO,
Associate Member

PUBLIC SERVICE

Capital Program Monitoring
and Fiscal Advisory
Committee, & authored the
Economic Development Plan
for the Town of San Anselmo

HONORS AND AWARDS

Anaheim, CA, honoring
contribution to the success of
the Anaheim Resort Project

PRIOR EMPLOYMENT

Founding Principal,
Economic and Planning
Systems, Inc. (EPS)



ABOUT

Richard Berkson, Principal of Berkson Associates, believes that sound policies and strategies require careful consideration of causality, creative problem solving, and incentive-based solutions. His practice is founded on 30+ years of experience providing clear and concise fiscal and financial analysis based on a solid understanding of local government organization (e.g., formation, annexation, and consolidation), capital improvement policy and programming, and urban economics (demographics, market & financial analysis).

EXPERTISE

Government Organization

Prepares governance feasibility and special studies addressing municipal incorporation, annexations, service reviews and special studies, special district formations, dissolutions and consolidations, and assists in the preparation of intergovernmental agreements including tax sharing. Creates detailed pro forma operational and capital budgets as well as analysis of reorganization issues, options and impacts upon existing agencies, and develops sustainable mitigation measures.

Fiscal and Economic Analysis

Analyzes and predicts fiscal and economic impacts of land uses, developments, and policies on municipal budgets. Designs fiscal models to evaluate public service and financing issues and develops mitigation measures for long-term fiscal sustainability. Forecasts budgets, fiscal and service impacts and develops strategic plans.

Public Finance

Prepares financing strategies and plans for a wide variety of public services and infrastructure projects, including development project-related infrastructure, area-wide capital improvement programs, public safety, and recreation facilities, as well as specific infrastructure projects. Financing techniques applied include formulation of area-specific and facility-specific development impact fees, special tax bonds, sales tax measures, and Infrastructure Financing Districts.

Market and Financial Analysis

Evaluates the market feasibility of a wide range of uses, including recreation, residential, office, industrial, retail, and hotel, as a part of development proposals, specific and general plans, and governance studies. Prepares initial market reviews as well as detailed pricing and absorption estimates, demographic forecasting, and development strategies. Constructs pro forma financial analysis of large-scale mixed-use projects, as well as individual business proposals.

Proposal to Prepare MHCSD Incorporation Feasibility Analysis
Submitted by Berkson Associates
December 24, 2019

ATTACHMENT C

SELECTED PROJECT EXPERIENCE

SELECTED PROJECT EXPERIENCE

INCORPORATION

Mr. Berkson has prepared numerous Comprehensive Fiscal Analyses (CFAs) required prior to the approval and formation of new cities in California. These CFAs provide detailed budget estimates and forecasts for the initial setup of a new city and utilization of continued County services through transition over a period of years to independent City services. Many of these new cities' actual budgets closely matched the CFA forecasts. He has also authored numerous preliminary studies to help communities decide whether to proceed with the more costly LAFCO and CFA process, and to identify key issues for further analysis. All of the studies included estimates of County financial impacts and implications for city financial feasibility.

Comprehensive Fiscal Analysis for a Proposed City of East Los Angeles

Mr. Berkson completed a Comprehensive Fiscal Analysis (CFA) for the proposed incorporation of East Los Angeles. On February 8, 2012, the Los Angeles Local Agency Formation Commission (LAFCO) voted to deny the application for the incorporation of East Los Angeles. This denial terminated the East Los Angeles incorporation effort that extended for almost five years.

While many of the feasibility issues influencing LAFCO's denial were unique to East Los Angeles, other communities throughout the State face similar constraints to incorporation. A diagnosis of these constraints suggested a number of steps that could be taken to lay a foundation for improved local governance and increased potential for a successful incorporation in the future, both in East Los Angeles as well as other unincorporated communities. Mr. Berkson prepared a related white paper, "Strategies for Municipal Independence: A Case Study of East Los Angeles" which was published in the news journal of the California Association of Local Agency Formation Commissions.

Goleta Incorporation Comprehensive Fiscal Analysis

The Goleta area, which lies to the west of the City of Santa Barbara, had been the subject of several incorporation efforts over several years. The proponents sought to gain a number of benefits from incorporation, including local control over land use policies. The area was a major source of net revenue to the County of Santa Barbara and also represented nearly half of the County's unincorporated population, raising significant issues related to potential impacts upon the County and upon services in the balance of the unincorporated areas. Mr. Berkson directed the preparation of a Comprehensive Fiscal Analysis, including a public services plan and budget analysis, to evaluate the feasibility of a new city and to estimate potential County impacts. Alternatives includes evaluation of Isla Vista's inclusion in the new city, but this was rejected. The voters approved the incorporation, and city operations began in 2002. Mr. Berkson

subsequently prepared an evaluation of the formation of a CSD to improve services within Isla Vista.

Carmel Valley Incorporation Comprehensive Fiscal Analysis

Mr. Berkson prepared a Comprehensive Fiscal Analysis (CFA) for LAFCo of Monterey County after he prepared an Initial Feasibility Analysis for the incorporation proponents. The CFA included a public services plan and budget analysis, and its purpose was to evaluate the feasibility of a new city and to estimate potential County impacts. The results of the CFA served to inform revenue-neutrality negotiations between the County and the proponents, as well as LAFCo's Terms and Conditions of incorporation. LAFCo approved the incorporation for a November 2009 election, but the incorporation proposal failed at the ballot.

San Martin Initial Feasibility Analysis and Comprehensive Fiscal Analysis (CFA)

Mr. Berkson, while principal of EPS, prepared the CFA for the community of San Martin in southern Santa Clara County under the direction of LAFCO. Previously, the proponents of the incorporation effort retained Mr. Berkson to conduct an Initial Feasibility Analysis (IFA) to help inform their decision to pursue a formal incorporation petition with the Santa Clara County LAFCO. As part of the IFA, a public services plan and budget analysis evaluated the feasibility of a new city and estimated potential County impacts. In addition, community development measures were explored to improve the feasibility of a new city including options for capturing new sales tax revenue without compromising the existing character of the community.

Initial Fiscal Analysis of the Proposed Incorporation of the West Ranch/Castaic/Tesoro Areas

Mr. Berkson prepared an initial study of the feasibility of the proposed incorporation of three adjacent areas in Los Angeles County. The analysis helped residents understand the feasibility of incorporation and potential boundary alternatives. The study highlighted specific areas requiring further analysis if the incorporation effort were to proceed further.

Malaga Incorporation Comprehensive Fiscal Analysis

Malaga, a small, largely industrial, community located in the southeastern corner of Fresno County with a predominantly low-income Hispanic resident population, initiated the incorporation process so the community would gain local control its public services, planning, and public investment. The budget for the new city built upon an existing services district. The CFA demonstrated that the new city would not be feasible due to its small size and low tax base.

Nevada Incorporation Studies

Mr. Berkson was the primary author of several incorporation studies for proposed new cities in Nevada, including Lake Tahoe, Pahrump and Laughlin. Mr. Berkson testified at a legislative

committee hearing during the Laughlin process, which required State-level review; the proposal failed at the ballot box.

MUNICIPAL SERVICES AND GOVERNANCE ORGANIZATION

Napa County Water and Wastewater Municipal Service Reviews

Mr. Berkson currently is collaborating with PCA to prepare a fiscal review and analysis of water and wastewater agencies in Napa County, and to identify potential governance options to improve services.

Contra Costa LAFCO Municipal Service Reviews and Special Studies

Currently Mr. Berkson is assisting EPS in the preparation of Contra Costa LAFCO's Parks and Recreation MSR. He recently prepared the fiscal sections for Contra Costa LAFCO's City and Special District Municipal Services Review (in association with LGA). The study included 19 cities and four special districts. Mr. Berkson has prepared several Special Studies and MSRs for Contra Costa LAFCO, and recently completed an MSR for LAFCO that provided the basis for reorganization of a healthcare district.

Focused Water and Wastewater Municipal Service Review

In association with PCA, Berkson Associates completed a fiscal assessment for Orange County LAFCO of the City of San Juan Capistrano's utility systems, evaluating alternative agencies that potentially could provide water and wastewater services to the residents of the City. The City is now in the process of negotiating with their selected agency that was evaluated in the MSR. Orange LAFCO was awarded 2019 "Project of the Year" by CALAFCO.

Burlingame Hills Governance Options Study

Mr. Berkson is working with San Mateo LAFCO and the County of San Mateo to evaluate options for the Burlingame Hills Sewer Maintenance District, which serves an unincorporated community adjacent to the City of Burlingame. Mr. Berkson is preparing a study forecasting potential future sewer rates that may be necessary to fund costly improvements. Governance options include possible annexation of the area to the City and merger of the sewer system with City operations. The Study considered impacts on the City, ratepayers and the County, and provided a basis for tax sharing negotiations in the event of annexation. The Study uncovered a number of discrepancies in the current property tax allocations in the area, which are being corrected by the County.

Community Services District Formation Study for Wastewater Services

Berkson Associates prepared a Plan for Service for a community group for creation of an agency to provide wastewater services in Los Olivos in Santa Barbara County. The Plan evaluated

several options for the community to develop a wastewater system. Options included formation of a County Services Area, a new Community Services District (CSD), and annexation to an existing district. LAFCO approved a Plan for a new district which subsequently received voter approval and included a tax for initial years planning and operations of the district.

Merced Municipal Service Reviews

Over the past several years, Mr. Berkson (in association with EPS, Inc.) prepared MSRs and MSR updates for cities in Merced County, as well as MSR updates for urban water and sanitary districts in the County and other agencies.

Tra Vigne Fiscal Analysis, Financing Plan, and Plan for Services

Mr. Berkson currently is preparing a number of documents required by the City of Stockton and San Joaquin LAFCO for the annexation and development of an 1,100 unit residential development with 110,000 square feet of commercial space. The work is being conducted for the developer; Mr. Berkson is working closely with the City and its consultants to document the adequacy and financial feasibility of services and public improvements. The documents include a Fiscal Impact Analysis, Public Facilities Finance Plan, and a Public Services Plan (required for annexation).

Mr. Berkson, as principal of EPS, had primary responsibility for CFAs for the new city of Goleta, and the new city of Rancho Santa Margarita. He has prepared other studies which determined that a new city would not be financially feasible, and these proposed cities did not progress beyond the CFA stage. The most recent CFA he prepared was for the proposed City of East Los Angeles under the direction of Los Angeles LAFCO.

City of Modesto Sphere of Influence Plan, Master Services Element, and Municipal Services Review

Richard Berkson, as principal of EPS, prepared the SOI Plan, Master Services Element, and MSR for LAFCO's consideration during the review and approval process for the City of Modesto-initiated amendment to its SOI as a part of the proposed Kaiser Modesto Medical Center/Cornerstone Business Park development. The report was adopted by LAFCO and is available on its website. The report documented the need for additional developable land, and established that the City had adequate service and infrastructure plans and financing mechanisms in place to provide for the logical and efficient extension of services to proposed SOI expansion areas.