

[www.FinanceDTA.com](http://www.FinanceDTA.com)

# SCOPE OF WORK AND FEE PROPOSAL

CHESTER PUBLIC UTILITY DISTRICT  
ANALYSIS AND IMPLEMENTATION OF A FIRE PROTECTION SERVICES FINANCING PROGRAM

June 9, 2022

Public Finance  
Public-Private Partnerships  
Development Economics  
Clean Energy Bonds

*Newport Beach | San Jose | San Francisco | Riverside  
Dallas | Houston | Raleigh | Tampa*



www.FinanceDTA.com

5000 Birch Street, Suite 3000  
Newport Beach, CA 92660

CHESTER PUBLIC UTILITY DISTRICT

**CPUD** Chester Public Utility District

---

**ANALYSIS AND IMPLEMENTATION OF A FIRE PROTECTION  
SERVICES FINANCING PROGRAM**

JUNE 9, 2022

Prepared for:

**Chester Public Utility District**

251 Chester Airport Road

Chester, CA 96020

Attention: Adam Cox, Managing Partner

# TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
I PROFESSIONAL QUALIFICATIONS.....	1
II TEAM MEMBERS .....	7
III SCOPE OF WORK.....	11
IV FEE SCHEDULE .....	16

## I PROFESSIONAL QUALIFICATIONS

### A General Experience

DTA is pleased to submit this proposal to the Chester Public Utility District (the "PUD") under which our firm would recommend and implement a public financing program to fund the PUD's current fire protection and emergency medical services needs (referred to hereinafter as the "Services"). DTA, formerly David Taussig & Associates, is a public finance and urban economics consulting firm specializing in infrastructure and public services finance. Our firm, which provides public finance consulting services to both public and private sector clients, has offices in Newport Beach, San Francisco, San Jose, and Riverside, California, as well as in Dallas and Houston, Texas, Raleigh, North Carolina, and Tampa, Florida. The work on this engagement would be performed by DTA Municipal Solutions, which is a division of DTA dedicated exclusively to providing public finance services to municipalities. Additional information on DTA is available on our website ([www.FinanceDTA.com](http://www.FinanceDTA.com)).

Since its establishment in 1985, DTA has completed consulting assignments for more than 3,000 clients in 19 states. During this period, the firm has been involved in the formation of more than 2,000 public finance districts, with total bond authorizations exceeding \$75 billion. Our financing programs have utilized a variety of public financing mechanisms, such as Assessment Districts ("ADs"), Community Facilities Districts ("CFDs"), Certificates of Participation, Enhanced Infrastructure Financing Districts ("EIFDs"), Sewer and Water Revenue Bonds, Marks-Roos Bond Pools, Landscaping and Lighting Districts, Integrated Financing Districts, and various types of parcel taxes and fee programs. Notably, DTA is licensed and registered with the U.S. Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB") as a Municipal Advisor (No. 867-01160) and follows all the fiduciary requirements associated with this designation.

DTA has developed a Statewide reputation based on its specialized expertise in the design and administration of public finance programs to fund infrastructure and public services, including the issuance of a variety of types of municipal debt.

DTA's consulting services include:

- Public private partnerships
- **Public infrastructure and public services financing strategies;**
- **Special tax and assessment engineering for CFDs and ADs;**
- Fiscal and economic impact analyses;
- Tax increment and Lease Revenue Bond financing;
- Federal and state grant and loan applications;
- Proposition ("Prop") 218 and Assembly Bill ("AB") 1600 compliance studies;
- Real estate proformas;
- **Public improvement construction management services;**
- **Development Agreement and Mitigation Agreement consulting services; and**
- **Clean Energy Bond financing.**

DTA's has ample experience in evaluating various financing mechanisms, modeling the selected mechanisms, and negotiating the related third-party Mitigation Agreements and Development Agreements. Our firm has been involved in the formation and implementation of over 1,000 CFDs and 500 ADs to date in California, as well as similar land-secured financing programs in Arizona, Hawaii, Illinois, Missouri, Nevada, New Mexico, North Carolina, Texas, and Washington. DTA was also heavily involved in redevelopment financing in California until the demise of the program in 2011, but we have recently established five EIFDs (the new version of tax increment financing in California) and are currently working on additional EIFDs, as well as tax increment projects in Nevada, New Mexico, and Texas. In working with public agencies to seek public finance solutions, we also employ Enterprise Zone Revenue Bonds (generally for water and sewer services), Lease Revenue Bonds or Certificates of Participation, Property Assessed Clean Energy ("PACE") Bonds, Development Impact Fees ("DIFs"), and a variety of Federal tax credit and state loan and grant programs.

In addition to the planning and implementation of public financing mechanisms, DTA has expertise in fiscal and economic analyses of land development impacts, project proforma and feasibility studies, and economic development studies. DTA staff has prepared over 700 Fiscal Impact Reports ("FIRs") estimating the revenue and cost impacts of various land use decisions on cities, counties, and special districts. Our firm is also highly experienced in grant writing for Federal and State grant and tax credit programs. All these capabilities are frequently combined with our infrastructure finance consulting services to develop public infrastructure and services financing strategies and plans. DTA also has in-house engineering on its staff, which has proven useful in both the preparation of our financial analyses and in our communications with outside engineering consultants.

## **B Analysis and Implementation of Alternative Public Finance Programs**

As noted previously, since its establishment in 1985, DTA has been involved in the formation of more than 2,000 public finance districts, with total authorized bonded indebtedness in excess of \$75 billion. Our financing programs have utilized a variety of financing mechanisms, many of which are listed in Section A, above. In addition, DTA has planned and implemented Public Facilities Financing Plans ("PFFPs") that have ranged from the quantitative analysis of a single financing mechanism for an individual facility to the preparation of a comprehensive public financing plan covering multiple facilities and public services through a series of financing mechanisms. Our financial analyses provide public officials, landowners, and other interested parties with the level of information necessary to make fully informed decisions regarding land use, infrastructure, and public services financing issues. Furthermore, DTA staff has extensive experience working with various stakeholder groups, including public agencies, local residents and businesses, local building industry associations and property owner associations, land developers, public finance professionals, Chambers of Commerce, and other interested parties.

DTA has provided public finance consulting services to virtually every major city and county in the State. Our county clients have included the Counties of Alameda, Butte, Colusa, Contra Costa, Fresno, Imperial, Los Angeles, Madera, Marin, Napa, Nevada, Orange, Placer, Riverside,

Sacramento, San Bernardino, San Diego, San Francisco, San Luis Obispo, Santa Barbara, Shasta, Sutter, Stanislaus, and Yuba. Our city and special district clients are too numerous to list individually but include the Cities of Anaheim, Fresno, Irvine, Long Beach, Los Angeles, Riverside, Sacramento, San Diego, San Francisco, and San Jose. DTA has also provided public finance consulting services to over 325 school districts and water districts throughout California.

### C Public Finance Programs to Fund Fire Protection Services

While a number of the financing mechanisms listed above can be employed to fund fire protection services, the expanded PUD Services for which funding is being requested are best suited for CFD or AD financing. DTA has considerable experience with both of these financing mechanisms, as discussed below.

#### C.1 CFD Financing

DTA is the State of California's leading Special Tax Consultant for CFD formations and bond issuances. Our firm's level of experience in this area is unequalled, as our firm has prepared special tax formulas on behalf of public agencies and/or property owners for the establishment of over 1,000 CFDs. Starting in 1985 with the second and third CFDs established in California, DTA's special tax formulas have been utilized to provide debt service coverage for the sale of hundreds of CFD-secured bond issues and annual recurring tax revenues to fund a variety of municipal services. We have participated in districts with single and multiple property owners, improvement areas and zones, single and multiple series of bonds, escrowed bonds, fixed and variable rate and capital appreciation bonds, and residential and non-residential land uses. DTA has developed apportionment methodologies for the financing of Master Plan capital improvements, local subdivision improvements, public services, and even the undergrounding of existing overhead utilities. We have participated in the formation of land-secured financing districts containing fewer than 20 dwelling units and those with more than 38,000 dwelling units. Our staff has participated in numerous refundings and restructurings as well. This experience gives DTA the ability to analyze our clients' needs and match those needs with the financing mechanism that will maximize the capacity of the financing program while minimizing burdens on homebuyers and other property owners.

Notably, a key factor in whether to pursue a CFD relates to the requirement that the CFD special tax must be approved by two-thirds of the property owners if fewer than twelve (12) registered voters have resided within the proposed CFD for more than 90 days, or by two-thirds of the registered voters if twelve (12) or more registered voters have resided in the CFD for more than 90 days. DTA has conducted property owner special elections and coordinated with County Registrars of Voters on registered voter elections.

### **C.2 AD Financing**

In addition to CFD financings, DTA has been responsible for the formation and sale of municipal bonds, or the funding of municipal services, by over 500 ADs. These districts constitute a more restrictive type of land-secured financing that can be used for public improvements that directly benefit those properties that are assessed to pay for the improvements, including Business Improvement Districts (“BIDs”), Benefit ADs, and Landscape and Lighting Districts (“LLDs”). The major advantage of ADs is that the assessments levied on the property tax bill are often more straightforward than CFD special taxes. These assessment can also be adopted through a property owner vote and only require the approval of 50% plus 1 of the votes cast.

DTA’s assessment apportionment methodologies have been utilized for the sale of hundreds of AD bond issues and provided the firm with considerable experience working with property owners, public agencies, underwriters, bond counsels, and Financial Advisors to provide benefit apportionment methods satisfactory to all parties. In the process, DTA has also worked frequently with institutional bond purchasers, all of whom are familiar with the firm and its expertise in the field of assessment engineering and special tax consulting. DTA has also conducted Prop 218-compliant property owner elections as necessary to implement ADs.

Fire services funded through an AD are generally provided under Section 50078 et. seq. of the Government Code:

“Any local agency which provides fire suppression services directly or by contract with the state or a local agency may, by ordinance or by resolution adopted after notice and hearing, determine and levy an assessment for fire suppression services pursuant to this article. The assessment may be made for the purpose of obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus or for the purpose of paying the salaries and benefits of firefighting personnel, or both, whether or not fire suppression services are actually used by or upon a parcel, improvement, or property.”

### **C.3 Special District Administration Experience**

In addition to its work on the formation of CFDs and ADs, DTA has also been a State leader in the enrollment and collection of special taxes and assessments for the past 37 years, as well as municipal disclosure related to bond issuances by special districts. Therefore, unlike many consulting firms, we bring a depth of experience that is only achieved by providing consulting services on both the formation and administration of special districts. Furthermore, DTA’s ability to retain the vast majority of its senior employees enables our firm to provide management expertise that is without peer in the special tax and assessment engineering consulting field.

DTA is currently administering over 800 special financing districts annually. Our staff is extremely knowledgeable with respect to the relevant law governing the enrollment of special taxes and assessments and has helped establish the industry's practices through our participation in various trade groups, such as the California Society of Municipal Finance Officers ("CSMFO"), CASTOFF, and CASH. We are also intimately familiar with County Auditor-Controller, Assessor, Treasurer Tax Collector, and Recorder practices, and this experience is critical for the successful administration of special districts. DTA fully utilizes all internet resources and our staff regularly accesses Assessor and title company files, as necessary, to establish overlapping debt information and perform other due diligence functions related to special district formation and annual administration.

#### *C.4 Other Public Finance Program Experience*

While probably not applicable to the PUD's current fire protection financing needs, DTA has analyzed and implemented hundreds of additional public finance programs generally described below, which may become useful to the PUD should circumstances change:

- **Revenue Bond Financing** – This type of financing utilizes revenues available to the public agency, particularly from Enterprise Funds, such as those generated by water and sewer facilities, to pay for capital costs.
- **Lease Revenue Bonds and Certificates of Participation** – This type of financing mechanism uses revenues available to the public agency to fund lease financing programs that do not require a vote of the electorate.
- **EIFDs** – An EIFD allows the use of Tax Increment Financing ("TIF") for infrastructure without a requirement that the area be predominantly urban, as was required for redevelopment areas prior to their elimination by the State.
- **DIF Programs** – Fee collections that can be used for pay-as-you-go infrastructure funding or as a source of debt service payments for revenue bonds. Fees are generally benefit-based and can be established in accordance with the requirements of AB 1600 or to implement the provisions of a Development Agreement.
- **PACE Bonds** – A PACE program allows the establishment of voluntary liens on private and non-profit property to finance energy efficiency, renewable energy, water conservation, electric car, and seismic, wildfire, and storm resiliency projects for homes and businesses.
- **New Markets Tax Credits ("NMTCs")** – This is a Federal program utilized to encourage investment in certain "Qualified Census Tracts" that have been identified as a result of their high poverty, unemployment rates, or relatively low residential median incomes through the issuance of forgivable loans to mostly non-residential development.



- **Federal and State Grants and Loans** – Federal and state governments often have funding available for grants and low-interest loans to finance certain types of improvements, such as road, water, and sewer facilities. DTA can evaluate the opportunity to finance any of the needed public improvements with funding from these sources, complete applications for these grants and loans, and work with lobbying firms to enhance the likelihood of application approval. DTA has also been involved in successfully applying for Federal tax credit revenues for commercial development.

The variety of financing structures for which DTA has provided these services have given us a perspective and level of skill that is unmatched in our industry. DTA's financial consulting services and work products reflect the scrutiny and refinement that can only come through such extensive experience. This experience can be crucial in identifying and resolving issues and helping our clients avoid the pitfalls that we have seen cause problems for other municipalities. These financings have provided the firm with considerable experience working with landowners, public agencies, underwriters, bond counsels, and Financial Advisors to provide special tax apportionment methods satisfactory to all parties. During this process, DTA has also worked frequently with institutional bond purchasers, all of whom are familiar with the firm and its expertise in the field of special tax consulting and assessment engineering. DTA has also developed substantial experience and a strong reputation (as well as a proprietary benchmarking database) in the areas of overlapping debt analyses, value-to-lien studies, developer disclosure documentation, and other elements of the bond issuance process.

DTA currently has a staff of approximately 50 employees, all of whom are directly involved solely in public finance. Staff members come from backgrounds in a number of fields, including land development, public administration, civil engineering, investment banking, economic consulting, redevelopment, and land use planning. This diversity of experience and expertise allows DTA to meet a wide variety of challenges related to both the actual work product and client management. DTA's personnel have considerable experience in computer-based financial analyses and modeling, which is a key component of the firm's consulting services. This fact ensures that the review and development of computer models will be in experienced hands.

## II TEAM MEMBERS

Brief resumes for our key team members are provided below.

### A DTA Team Resumes

#### **Andrea Roess**

Managing Director | [Andrea@FinanceDTA.com](mailto:Andrea@FinanceDTA.com)



Since joining DTA in 1992, Ms. Roess has participated in all aspects of the formation and implementation of special finance districts to fund infrastructure and services. She has managed the formation and annual administration of more than 300 land-secured financing districts, including several PACE programs. In addition, Ms. Roess established and manages DTA's water and sewer practice and is a leader in the development of PACE programs.

Ms. Roess has utilized her computer skills to develop numerous state-of-the art computer models that evaluate cash flows related to funding infrastructure and public services. This ability has enabled her to develop sophisticated bond structuring concepts for CFDs and ADs, as well as complex fiscal impact and fee impact models. She has also prepared hundreds of Engineer's Reports for ADs and been involved in the development of escrow release formulas and bond pool financing structures.

In terms of assessment engineering services, since 2012, DTA has served as the on-call Assessment Engineer for the City of San Buenaventura's Maintenance Assessment Districts ("MADs"). As the Project Manager, Ms. Roess recently managed and oversaw the preparation of the Engineer's Report for MAD No. 28 in late 2021. She also assisted with the formation of MAD Nos. 21 through 27, in addition to preparing and submitting updated Engineer's Reports to amend the prior reports for MAD Nos. 17 and 18 to better document their assessment methodologies and conform to Prop 218's strict benefit requirements.

Ms. Roess also assisted the City of Brawley with the preparation of a cost recovery analysis in order to identify the full cost of providing Fire Department services related to Emergency Medical Services ("EMS") and false alarm calls. The City utilized the analysis to establish user fees for EMS and false alarm calls. Ms. Roess also assisted the Big Bear Fire Authority with a District-wide CFD analysis to fund fire protection services. In addition, she currently assists the County of San Diego Fire Authority with the annual administration of their CFD program, CFD formation, and annexation work.

In addition, Ms. Roess has experience in the preparation of PFFPs, Water/Sewer Revenue Bond analyses, and tax increment analyses. She is also the Project Manager in charge of annual special tax administration for more than 150 financing districts throughout California, Hawaii, and Nevada.

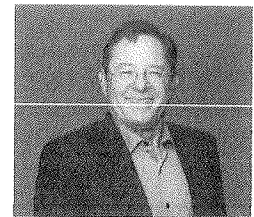
Ms. Roess holds an M.B.A. degree with a concentration in finance from San Francisco State University and a B.A. in psychology/public policy analysis from Pomona College.

Ms. Roess is also active in industry groups, including CSMFO, the Association of Women in Water, Energy, and Environment (“AWWEE”), and many others. Notably, Ms. Roess has been elected the Co-Vice President of Programs of the Women in Public Finance Los Angeles Chapter Board and has participated on numerous panels and workshops related to public financing. She also holds a Series 50 license as a registered Municipal Advisor with the SEC/MSRB under rules promulgated following the Dodd-Frank Act in 2010.

**Steve Runk, P.E.**

Vice President, Engineering Services | [Steve@FinanceDTA.com](mailto:Steve@FinanceDTA.com)

Mr. Runk has over 45 years of experience in the design and construction management of major civil engineering projects, including roadways, bridges, sewer and water improvements, and flood control facilities, grading for public works projects, and construction of commercial and industrial buildings. Mr. Runk’s specific responsibilities have included design, quality control, specifications, estimates, construction bid packages, construction coordination and management, cost analyses and cost control, scheduling, manpower forecasting, staffing, and marketing. He has also assisted public agencies and developers in the procurement of funding from the California Department of Transportation (“Caltrans”) and other Federal and state agencies.



Mr. Runk has a proven track record of meeting schedules and adhering to budgets. Since joining DTA in 2000, he has worked with local agencies to resolve community issues and negotiate scope changes with contractors to ensure the timely and satisfactory completion of construction projects. He has also acted as the Project Manager for the establishment of ADs and preparation of numerous AB 1600 DIF justification studies. Mr. Runk specializes in preparing assessment apportionment formulas and fee studies for roads, storm drains, and water and wastewater facilities.

Mr. Runk serves as DTA’s in-house Engineer. Notably, he reviews, certifies, and signs each Engineer’s Report prepared for the Statewide Community Infrastructure Program (“SCIP”), an AD financing program established by the California Statewide Communities Development Authority (“CSCDA”). Over the past 5 years, DTA has participated in preparing Engineer’s Reports for more than 165 small ADs that have been pooled together in five separate AD financings exceeding \$240 million in bonded indebtedness. DTA is also the Administrator for 200 ADs that have been formed by CSCDA through SCIP over the last few years. These ADs are comprised of 12,000 parcels spread across 21 counties.

In terms of assessment engineering services, since 2012, DTA has served as the on-call Assessment Engineer for the City of San Buenaventura’s MADs. Mr. Runk assisted with the preparation of the Engineer’s Report for MAD No. 28 in late 2021. He also assisted with the formation of MAD Nos. 21 through 27, in addition to preparing and submitting updated Engineer’s Reports to amend the prior reports for MAD Nos. 17 and 18 to better document their assessment methodologies and conform to Prop 218’s strict benefit requirements.

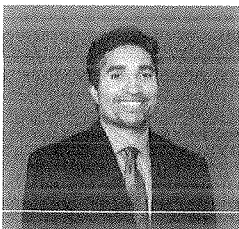
In addition, Mr. Runk performed an assessment evaluation for the City of San Jacinto's MAD. This effort included a year-over-year cost analysis related to the maintenance of the streets, roads, and highways within the MAD's boundary. In addition, Mr. Runk reviewed the street sweeping maintenance and slurry seal maintenance as part of the analysis.

Prior to joining DTA, Mr. Runk, as the Senior Construction Manager for Holmes & Narver, Inc., successfully completed the construction of the SR-41 Freeway in Fresno County, which was the County's first Measure "C" sales tax-funded freeway. Prior to this project, Mr. Runk successfully completed the construction of the SR-71 Freeway in Chino/Chino Hills, California. This \$98 million project was the first Measure "M" sales tax-funded project for the San Bernardino Associated Governments ("SANBAG"). Mr. Runk's responsibilities on both projects included contract management, quality control, public relations, cash flow analyses, project closeout, and compliance with Federal and State funding requirements.

Previously, Mr. Runk held positions with various public and private engineering entities in which he delivered projects requiring a wide variety of engineering expertise. He holds a B.S. in engineering from the University of California at Los Angeles and an M.S. in civil engineering from California State University at Long Beach. Mr. Runk is a registered Civil Engineer in the State of California.

**Nehal Thumar**

Vice President | [Nehal@FinanceDTA.com](mailto:Nehal@FinanceDTA.com)



Since joining DTA in 2000, Mr. Thumar has been involved in all aspects of the formation and implementation of numerous Mello-Roos CFDs located throughout California. His responsibilities related to these CFDs have included the preparation of tax spread proforma analyses, Rates and Methods of Apportionment ("RMAs"), Public Reports, and overlapping debt analyses. In addition, Mr. Thumar has managed the annual administration of over 100 CFDs in Southern California and prepared due diligence, tax projections, and Disclosure Reports related to land-secured bond issuances for numerous clients in Arizona, California, and Nevada.

Mr. Thumar has also prepared Fiscal Impact Reports ("FIRs") for various public agency clients. In addition, he has worked on the preparation of DIF justification studies. His work during the impact fee justification and apportionment analysis process for each respective project has included the preparation of the capital improvement and public facilities needs list(s), fee model development, report writing, data collection, and interactions with city/county staff and key stakeholders.

In terms of assessment engineering services, DTA assisted the City of Anaheim with an assessment analysis for the area known as the Platinum Triangle, which surrounds the Anaheim Stadium. As part of this analysis, Mr. Thumar prepared apportionment methodologies in coordination with City staff. Mr. Thumar has also provided certain annual disclosure assistance for certain ADs in the City of Los Angeles.



## SECTION II TEAM MEMBERS

Mr. Thumar also assisted the City of Brawley with the preparation of a cost recovery analysis in order to identify the full cost of providing Fire Department services related to EMS and false alarm calls. The City utilized the analysis to establish user fees for EMS and false alarm calls. Mr. Thumar also assisted the Big Bear Fire Authority with a District-wide CFD analysis to fund fire protection services. In addition, he currently assists the County of San Diego Fire Authority with the annual administration of their CFD program, CFD formation, and annexation work.

Mr. Thumar attained an M.B.A. degree with a concentration in finance and a B.A. in economics from the University of Southern California. He also holds a Series 50 license as a registered Municipal Advisor with the SEC/MSRB under rules promulgated following the Dodd-Frank Act in 2010.

### III SCOPE OF WORK

DTA shall assist the PUD by preparing a funding strategy (the "Funding Strategy") and implementing a funding program (the "Funding Program") to finance fire protection services, such as fire personnel salaries, fire station maintenance and operating costs, and emergency medical services (the "Fire and EMS Services"). Based on DTA's experience and the PUD's immediate need for Fire and EMS Services, the Funding Strategy conducted as Phase 1 of this Scope of Work will focus exclusively on the formation and implementation of a CFD or AD.

#### A Phase 1: Funding Strategy

DTA's specific objectives related to the preparation of the Funding Strategy would be to (1) select the appropriate public finance mechanism(s) to pay for required operating costs, (2) compute the annual and total financing burden by land use type and financing mechanism to implement the selected Funding Program throughout the PUD's entire jurisdiction, and (3) provide an implementation schedule and blueprint for the PUD to establish the Funding Program.

DTA shall provide a recommendation to the PUD at the conclusion of Phase 1 to ensure that:

- Fire and EMS Services are adequately financed and provided in a timely manner;
- The Funding Program selected is equitable, financially feasible, efficiently utilized, and consistent with PUD guidelines and accepted public policy;
- To the extent feasible, the Funding Program should limit potential liability associated with any nexus and benefit criteria required by current State statutes and legal precedence;
- The Funding Program avoids creating a financial and administrative burden to the PUD; and
- The Funding Program is politically acceptable and can be successfully implemented in compliance with Prop 13 and Prop 218 requirements.

#### Task 1 – Kickoff Meeting

DTA shall attend an online kickoff meeting with PUD staff to discuss the data it will need to procure from the PUD and applicable county, tasks and schedule involved in preparing the Funding Strategy, costs and types of Fire and EMS Services to be financed by the Funding Program, elections required to approve the Funding Programs, and other relevant topics.

#### Task 2 – Property Tax Research

DTA shall request a preliminary Title Report, Assessor Parcel Numbers ("APNs"), and property tax bills for the PUD in order to identify the existing property tax rate, special taxes, and assessments. DTA shall any local taxing entities, as appropriate, to determine projected and maximum tax rates and the methods of assessment. DTA shall utilize this information to identify the base property tax rate for the purposes of modeling the projected total effective tax rate for the Funding Strategy under Task 7, below.

### **Task 3 – Determination of Existing and Future Land Uses**

DTA shall determine all taxable parcels and if feasible, their land uses, within the PUD’s jurisdiction based on information provided by the PUD and/or by county staff. DTA shall also project future new development by land use that may occur based on information from these same sources. DTA shall base its analysis on data received from these sources and shall not conduct any independent research to verify the accuracy of such data.

### **Task 4 – Identify Anticipated PUD Fire and EMS Services Costs to be Financed by Funding Program**

DTA shall obtain annual recurring Fire and EMS Services costs from the PUD to be financed by the Funding Program. DTA shall base its costs on data received from the PUD and shall not conduct independent research to verify the accuracy of such data.

### **Task 5 – Identify Funding Alternatives for Operating Costs**

DTA shall prepare qualitative descriptions and a comparison of CFD versus AD financing programs in terms of meeting the PUD’s goals, including the efficient upfront funding of Fire and EMS Services in a timely manner, while minimizing the likelihood of litigation. These two alternative Funding Programs may be briefly summarized as follows:

- **CFDs** – A flexible form of land-secured financing (not secured by the PUD’s General Fund) that can be used to fund annual services and any type of public improvement with a useful life for 5 years or more; and
- **Special ADs** – A more restrictive type of land-secured financing (not secured by the PUD’s General Fund) that can be used to fund annual services and finance public improvements that directly benefit those properties which are assessed to pay for the improvements, as well as to maintain those specific public improvements.

The deliverable associated with this task shall be a memorandum (“memo”) from DTA describing and comparing these two potential Funding Programs in terms of their potential use by the PUD.

### **Task 6 – Attend an Online Meeting with PUD Staff to Select Funding Program**

DTA shall attend one online meeting with PUD to discuss the two financing alternatives and assist the PUD in selecting its preferred alternative.

### **Task 7 – Quantified Analysis of Recommended Financing Mechanism**

DTA shall prepare a quantitative analysis for the PUD-selected Funding Program to pay for the annual recurring provision of Fire and EMS Services. The quantitative analysis shall evaluate all taxable parcels located throughout the PUD and include both the potential proceeds to finance Fire and EMS Services costs and the financing burdens that would be placed on property owners for the Financing Program that has been selected. The potential proceeds analysis shall include projections of additional funds likely to be available in future years based on development projections provided under Task 1 and the funding anticipated to be available.

### **Task 8 – Financing Strategy and Schedule for Implementation**

DTA shall prepare a written narrative summarizing the Financing Strategy analyzed under Task 7 and listing the steps and schedule necessary for implementation.

### **Task 9 – Two Additional Meetings.**

DTA shall attend up to two (2) additional meetings with PUD staff and or the PUD Board of Directors (“Board”) to discuss steps necessary for the formation of the Financing Program. and its implementation.

### **B Phase 2: Funding Program Formation and Implementation**

DTA shall provide the financial consulting services necessary to assist the PUD in the formation of a CFD or an AD to fund the Fire and EMS Services. **For purposes of the Phase 2 Scope of Work prepared below, DTA has assumed that the Funding Program selected by the PUD will be an AD.** Notably, if the PUD decides to move ahead with a CFD instead, DTA shall replace the Phase 2 Scope of Work tasks listed below with a similar list of tasks required to establish a CFD.

### **Task 10 – Background Research**

DTA will collect information on existing and anticipated land uses, Assessor’s parcels located within the proposed district boundary, and planning information for use in preparing the assessment spread. Data to be gathered includes the following:

- County Assessor records for each parcel within the AD;
- Land use data as provided by the PUD, property owner, outside data sources, and/or site inspections, as necessary;
- Information on services descriptions, cost estimates, and phasing of types of services to be included in the benefit analysis;
- Existing relevant studies of the project area for use in conducting the benefit analysis; and
- Services costs to be assessed. Services costs are to be provided by PUD staff and/or its consultants.

This task includes the preparation of a database of all parcels within the AD that contains a description and assessment number of each property assessed and the address of the property owner based on the records of the County Assessor’s Office.

### **Task 11 – Benefit Assessment**

DTA will develop a method and formula for the allocation of the costs of proposed assessments to benefitting properties. This task will consist of the following subtasks:

- 11.1 Develop a rationale for the benefit assessment based on the projected benefit to the property;



- 11.2 Identify the boundaries of the AD and benefit subareas based on the level of benefit (if applicable);
- 11.3 Identify the AD's quantitative Equivalent Dwelling Unit ("EDU") or Benefit Assessment Unit ("BAU") factors used to differentiate benefit based on property type (e.g., residential, commercial, industrial, etc.); and
- 11.4 Develop a benefit spread that allocates assessments to all properties in the AD based on the benefit assessment rationale (Task 11.1) and EDU factors (Task 11.3).

The proposed benefit spread will be proportional to benefit received, legally defensible (relationship between costs allocated and benefit received), sufficient to meet minimum revenue requirements, and politically acceptable. The proposed benefit spread will be submitted to PUD staff for review prior to the completion of work on the Engineer's Report.

#### **Task 12 – Preparation of Boundary Map and Assessment Diagram**

This task entails the preparation of a boundary map and assessment diagram pursuant to the requirement of the Streets and Highways Code and County Recorder's Office.

#### **Task 13 – Engineer's Report**

DTA will act as "Engineer of Work" and prepare Preliminary and Final Engineer's Reports pursuant to the requirements of the Streets and Highway Code. As required by law, the report shall contain the following:

- Streets and Highway Code information and tables;
- Description of services;
- Preliminary and final estimate of costs;
- Assessment diagram;
- Method of assessment spread; and
- Assessment roll with preliminary assessments.

After confirmation of the assessments by the PUD Board, DTA shall produce the Final Engineer's Report. This report shall include the final costs provided by the PUD in place of the estimated costs listed in the Preliminary Engineer's Report and make any revisions requested by the PUD Board.

**Deliverable:** Draft and Final Engineer's Report

#### **Task 14 – Public Notices and Ballot Protest Procedure**

With assistance from the PUD’s legal counsel, DTA will prepare and mail notices pursuant to the Municipal Improvement Act of 1913 and Right to Vote on Property Taxes Act. Said notices shall include the following:

- The estimated assessment pertaining to the entire AD;
- The estimated assessment pertaining to each parcel;
- The duration of the assessment;
- The reason for the assessment (e.g., a general description of the services);
- The basis under which the assessment was calculated;
- The date, time, and location of the public hearing;
- A statement that a majority protest from the individuals who have mailed in their ballot (weighted by level of assessment) shall cause the assessment proceedings to be abandoned; and
- A ballot to be mailed by a property owner to the PUD to declare their support or opposition to the AD.

#### **Task 15 – Meetings and Public Hearings**

DTA will attend virtual meetings and public hearings associated with the formation of the AD. Attendance at any in-person meetings will require additional fees.

#### **Task 16 – Ballot Tabulation (Optional)**

Prior to and at the public hearing, DTA shall tabulate ballots submitted by property owners to determine whether the majority protest exists within the AD. The tabulation log will consist of a computerized database of every parcel within the AD. This tabulation will be completed prior to the close of the public hearing and the results will be provided to the PUD General Manager for the inclusion of public record.

IV FEE SCHEDULE

DTA shall be remunerated for consulting services related to Phases 1 and 2 of the Scope of Work on an hourly basis according to the rates set forth in Table 1 below, with invoices being submitted to the PUD monthly.

Table 1: DTA's Fee Schedule

Labor Category	Labor Rate
President/Managing Director	\$300/Hour
Senior Vice President	\$275/Hour
Vice President	\$250/Hour
Senior Manager	\$210/Hour
Manager	\$200/Hour
Senior Associate	\$190/Hour
Associate III	\$175/Hour
Associate II	\$165/Hour
Associate I	\$150/Hour
Research Associate II	\$140/Hour
Research Associate I	\$125/Hour

The maximum compensation amounts (excluding out-of-pocket expenses), subject to the limitations listed below, are detailed in Table 2 below.

Table 2: DTA Proposed Compensation

Phase	Compensation
Phase 1 (CFD/AD Feasibility Analysis)	Time and Materials, Not to Exceed \$20,000
Phase 2 (AD Formation, Excluding Optional Task 16)	Time and Materials, Not to Exceed \$45,000

Maximum compensation for Phases 1 and 2 may be combined, if necessary, so a shortfall of budget in Phase 2 may be satisfied through the use of surplus budget from Phase 1. Also, as explained in the limitations section below and stated in the Scope of Work, all maximum compensation amounts stated for Phases I and 2 do not include work related to conducting a registered voter or ballot election.

Out-of-pocket and administrative expenses shall be equal to 3% of DTA's billings for labor, plus travel expenses and any outside vendor payments, not to exceed a total of \$2,000. On or about the first two weeks of each month during which consulting services are rendered hereunder, DTA shall present to the PUD an invoice covering the current consulting services performed and reimbursable expenses incurred pursuant to the agreement and appendices thereto. Such invoices shall be paid by the PUD within 30 days of receipt of payment from the PUD. A 1.2% monthly charge may be imposed against accounts that are not paid according to the terms stated above. DTA shall stop all work on the project if payment is not received within 45 days

of stated payment terms. All hourly rates for services apply through June 30, 2023, and are subject to a cost-of-living increase at that time.

## A Limitations

DTA shall notify the PUD if and when labor charges approach any of the maximum amounts listed above as a result of additional work related to the limitations listed below in order to obtain consent for the additional fees necessary to complete this additional work.

### A.1 Phase 1 Limitations

Additional consulting services beyond the Phase I tasks listed in the Scope of Work ("Additional Work") may require additional fees if they cause total hourly fees to exceed the proposed budget. For example, the following would be considered Additional Work:

- Research performed by DTA to obtain data that was the responsibility of the PUD or applicable county, as listed in Scope of Work;
- Analysis of more than one set of land use projections or sales prices once Task 3 has been completed
- Work associated with the analysis of alternative absorption scenarios or significant changes in the program once Task 4 has been completed;
- Actual formation of a CFD or AD;
- Attendance at any in-person meetings or more than four (4) online meetings;
- Additional work due to the inclusion of taxing zones requiring multiple analyses; and
- Additional work due to the inclusion of capital facilities to be funded by the district.

### A.2 Phase 2 Limitations

Additional consulting services beyond the Phase 2 tasks listed in the Scope of Work ("Additional Work") may require additional fees if they cause total hourly fees to exceed the proposed budget to be determined. If the Phase 2 tasks listed in the Scope of Work are not completed within 12 months, at any point thereafter, DTA may request an increase in the maximum fee if total hourly billings to date exceed the proposed compensation level listed above for Phase 2. Other Additional Work shall include:

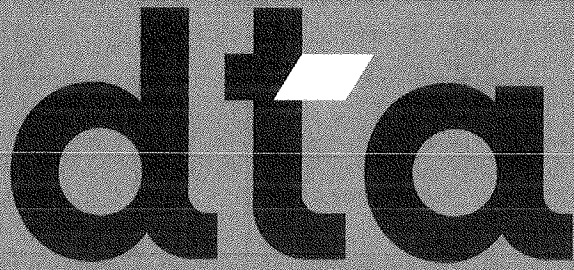
- Additional analyses based on revised land use assumptions or changes in improvements or improvement costs;
- Research performed by DTA to obtain data that was the responsibility of the PUD or the applicable county, as listed in Scope of Work;
- Attendance at any in-person meetings or extended conversations with property owners and homeowners' groups;



www.FinanceDTA.com

## SECTION IV FEE SCHEDULE

- Establishment of zones which would require multiple analyses, Engineer's Report preparation, maps, etc., to cover each additional zone;
- Extended discussions or negotiations with the PUD Board, property owners, developers, and other parties associated with the AD formation;
- Preparing and administering ballots;
- Additional work due to the inclusion of capital facilities to be funded by the AD; and
- Creation of a base project map for the purposes of preparing the AD boundary map.



[www.FinanceDTA.com](http://www.FinanceDTA.com)

5000 BIRCH STREET, SUITE 3000  
NEWPORT BEACH, CA 92660  
PHONE: (800) 969-4DTA

Public Finance  
Public-Private Partnerships  
Development Economics  
Clean Energy Bonds