

PROPOSAL

PLANS OF SERVICE AND FISCAL IMPACT ANALYSES

June 20, 2024

dta



CITY OF COACHELLA

SUBMITTED BY:

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CITY OF COACHELLA



SPHERE OF INFLUENCE ANNEXATION PLANS OF SERVICE AND FISCAL IMPACT ANALYSES

JUNE 20, 2024

Prepared for:

City of Coachella

53990 Enterprise Way

Coachella, CA 92236

Attention: Gabriel Martin, Ph.D., City Manager

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I PROFESSIONAL QUALIFICATIONS

DTA, formerly David Taussig & Associates, is pleased to submit this detailed proposal identifying the tasks required to complete Plans of Service (“POSs”) and Fiscal Impact Analyses (“FIAs”) on behalf of City of Coachella (the “City”). The POSs and FIAs are being prepared in connection with the proposed annexation of certain areas that are within the City’s Sphere of Influence (“SOI”) currently located in unincorporated Riverside County (the “County”), California, into the City. **Notably, DTA recently conducted a series of FIAs and prepared POSs for the County of Riverside Local Agency Formation Commission (the “Riverside LAFCO”) related to the annexation of properties into the City of Murrieta, so we are familiar with Riverside LAFCO’s specific POS and FIA requirements. We also recently completed annexation FIAs and POSs for several annexations to the City of Rancho Cucamonga and are currently working on a large annexation to the City of Barstow.**

DTA is a California public finance consulting firm with a national practice focusing on public-private partnerships and the establishment and implementation of infrastructure and public services financing programs for local municipalities in California and 21 other states. The firm has offices in Irvine, San Francisco, San Jose, and Riverside, California, as well as Dallas and Houston, Texas, Raleigh, North Carolina, and Tampa, Florida. Since its formation in 1985, the firm has assisted over 3,000 public and private sector clients in meeting their infrastructure and public services goals. **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.** Additional information on DTA is available on our website (www.FinanceDTA.com).

DTA’s consulting services include:

- Public infrastructure and public services financing strategies and implementation;
- Special tax and assessment engineering;
- Fiscal and economic impact analyses;
- Proposition (“Prop”) 218 and Assembly Bill (“AB”) 1600 compliance and nexus studies;
- Enhanced Infrastructure Financing District (“EIFD”) and other tax increment financing;
- Property Assessed Clean Energy (“PACE”) bond financing;
- **LAFCO annexation and incorporation analyses;**
- Federal and state grant and loan applications;
- Economic development and revitalization studies; and
- Public improvement construction management services.



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SECTION I PROFESSIONAL QUALIFICATIONS

DTA is the State of California’s leading financial consultant for Community Facilities Districts (“CFDs”). Our level of experience with the formation and issuance of bonds for CFDs is unequalled, as our firm has been involved in the establishment of over 1,200 CFDs to date. Since its establishment in 1985, DTA has structured and participated in the formation of over 2,000 public finance districts and bond issuance programs, with total authorized bonded indebtedness over \$75 billion. Our financing programs have utilized a variety of public financing mechanisms, such as CFDs, Assessment Districts (“ADs”), 1972 Act Landscaping and Lighting Districts (“LLDs”), Certificates of Participation, Tax Allocation Bonds, Enhanced Infrastructure Financing Districts (“EIFDs”), Sewer and Water Revenue Bonds, Marks-Roos Bond Pools, Integrated Financing Districts, New Markets Tax Credits (“NMTCs”), state and Federal grants and loans, and various types of fee programs.

While DTA is primarily known for its specialized expertise in the design and administration of CFDs and various types of 1913/1915 Act ADs, as well as the issuance of a variety of types of municipal debt, the firm also provides fiscal and economic impact and Development Impact Fee (“DIF”) consulting services and is experienced in grant writing for Federal and state grant and tax credit programs. These capabilities are frequently combined with our infrastructure finance consulting services to develop public infrastructure and services financing strategies and plans.

On a national basis, 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. We at DTA feel strongly that our financial analyses provide public officials, landowners, and other interested parties with the level of information needed to make fully informed decisions regarding land use, infrastructure, and public services financing issues. DTA staff has extensive experience working with various stakeholder groups, including public agencies, residents and businesses, property owner associations, land developers, public finance professionals, local Chambers of Commerce, and other interested parties.

In addition to the planning and implementation of public financing mechanisms, DTA is involved in fiscal and economic analyses of land development impacts, project feasibility studies, retail market analyses, and economic development studies. DTA’s ability to thoroughly analyze the revenues and costs to a local jurisdiction resulting from new development relates specifically to DTA’s extensive experience preparing FIAs of land development projects. 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 has prepared FIRs in conjunction with Specific Plans, Environmental Impact Reports, incorporations and annexations, reuse studies, General Plan amendments, Development Agreements, and individual project proposals covering different types of residential, commercial/industrial, and mixed-use projects. DTA’s work on incorporations and annexations have included Plan of Services studies as required by various County LAFCOs.



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SECTION I PROFESSIONAL QUALIFICATIONS

In terms of Economic Impact Analyses ("EIAs"), DTA has prepared over 200 of these studies for public agencies and land development firms that identify the general economic impacts of a future or existing development or plan on a municipality in terms of economic output gains or losses and job and wage creation opportunities. DTA is also highly experienced in grant writing for Federal and state grant and tax credit programs. These capabilities are frequently combined with our infrastructure finance consulting services to develop public infrastructure and services financing strategies and plans.

II KEY PERSONNEL

DTA has assembled a Project team with the breadth of experience needed to provide the requested services in a professional and timely manner. The City's work would primarily be handled out of **DTA's Irvine office**. David Taussig will serve as the Principal-in-Charge of DTA's Project team and handle primary account responsibilities for this engagement. Mr. Taussig will attend meetings as necessary and supervise all Project staff. He will be assisted by Jerry Wen, a Senior Vice President at DTA, in addition to other support staff.

A DTA Team Biographies

David Taussig

Chairman/Managing Director | David@FinanceDTA.com



Mr. Taussig has over 45 years of experience in the fields of real estate finance and urban economics. His areas of expertise include municipal finance programs for infrastructure and public facilities development, fiscal and redevelopment impact analyses, and land development project feasibility studies.

Mr. Taussig has an extensive background in computerized financial analyses. Since founding DTA in 1985, Mr. Taussig has developed several state-of-the-art analytical methods and modeling approaches, in addition to directing the formation of over 1,000 public financing districts and subsequent sale of tax-exempt municipal bonds. These districts have funded public infrastructure and services for many types of residential and non-residential development and included several hundred master-planned communities built throughout California and in several other western states. Mr. Taussig's work has involved both the preparation and implementation of public financing plans and his public sector clients have included virtually every major county and city within California, the California Statewide Communities Development Authority ("CSCDA"), and hundreds of special districts. He has provided similar consulting services to many of the largest land development firms in the State of California. The financing programs implemented by Mr. Taussig have ranged from land-secured CFDs and ADs to redevelopment and EIFD tax increment programs and lease revenue-based Certificates of Participation. In addition, Mr. Taussig has been heavily involved in the successful preparation of grant applications to State agencies, such as the Department of Water Resources and Department of Housing and Community Development, and implementation of tax credit programs to fund non-residential development.

Mr. Taussig has also overseen the preparation of numerous feasibility and fiscal and economic impact studies involving computerized analyses of project cash flows and/or impacts on public agencies and landowners. He has handled the preparation of over 250 fiscal impact studies utilized by public agencies to determine the impact of new development, land use plans, incorporations, and annexations on a municipality. **Over the past 39 years, Mr. Taussig has prepared fiscal and economic impact studies for several hundred public and private sector clients, including the Cities of Cathedral City, Fontana, Irvine, Los Angeles, Menifee, Paso**

Robles, Tustin, Vallejo, and Vista and the Counties of Fresno, Los Angeles, Orange, Riverside, San Bernardino, and San Diego.

Prior to establishing his own firm, Mr. Taussig was the Director of Finance for Gfeller Development Company, where he handled all take-out and construction financing for the company's residential projects and infrastructure. He also prepared development project proformas that were used by prospective lenders and joint venture partners to evaluate the company's proposed projects.

Mr. Taussig was previously employed for 6 years by Mission Viejo Company ("MVC") where, as the Manager of Housing and Community Development, he was involved in the planning and financing of two planned communities encompassing over 50,000 homes. Mr. Taussig handled a substantial portion of MVC's infrastructure financing during that period. Prior to that, he worked for 5 years in the public sector as the Administrator of a Federal housing and community development program and as a Land Use Planner.

Mr. Taussig's educational background includes a master's degree in city planning from the University of California at Berkeley and B.A. in economics from Cornell University. He has attained a Series 54 license as a Principal Municipal Advisor and Series 50 license as a Municipal Advisor under regulations promulgated by the SEC and MSRB. In addition, Mr. Taussig received full certification from the American Institute of Certified Planners in 1982. He is also a Registered Investment Advisor ("RIA") and member of the Urban Land Institute's ("ULI's") National Council of Public-Private Partnerships ("NCPPP").

Jerry Wen, CFA

Senior Vice President | Jerry@FinanceDTA.com

Jerry Wen, Chartered Financial Analyst ("CFA"), Senior Vice President, has a background in CFD and AD formation and administration. Since joining DTA in 1999, Mr. Wen has been involved in all aspects of CFD and AD formation and implementation, including boundary map preparation, special tax and cash flow analyses, overlapping debt analyses, and RMAs of special taxes. Mr. Wen has also been responsible for numerous due diligence assignments, including the review and analysis of existing CFDs, preparation of property owner disclosure documentation, and evaluation of bond financing feasibility. Mr. Wen is actively involved in the administration of numerous CFDs and ADs and familiar with the preparation of annual budgets, Continuing Disclosure Reports, and California Debt and Investment Advisory Commission ("CDIAC") Yearly Fiscal Status Reports, bond indenture compliance analyses, delinquent special tax monitoring and follow-up, and parcel change, subdivision, and development research.



Mr. Wen has also been responsible for the preparation of over 150 FIAs that have evaluated the municipal revenues generated by one or more land development projects as compared with the costs to a municipality of providing public services to those projects. He has also prepared Economic Impact Reports to determine the direct, indirect, and induced employment and economic benefits generated by new development. **Mr. Wen has conducted dozens of these types of studies for projects in the Cities of Carlsbad, Claremont, Chula Vista, Costa Mesa,**



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SECTION II KEY PERSONNEL

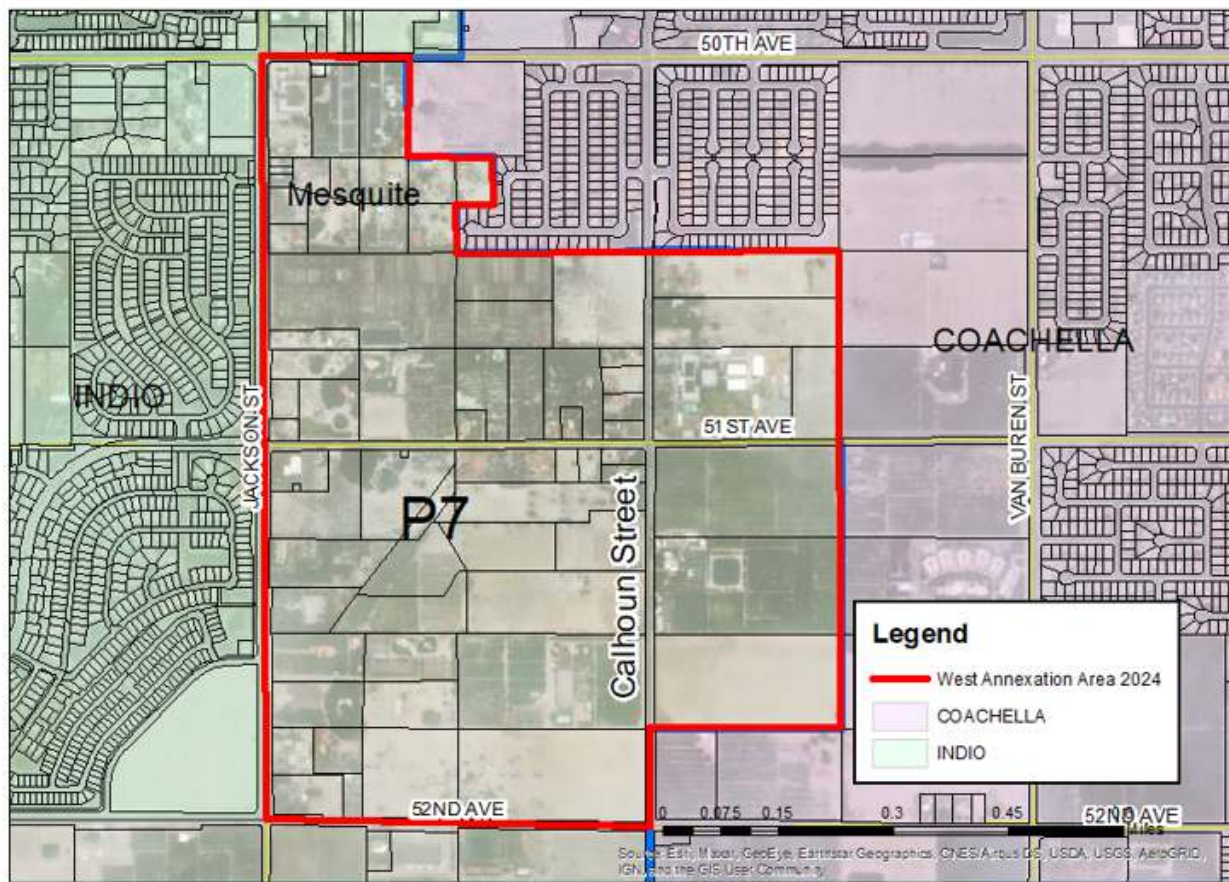
Covina, Menifee, Murrieta, Norco, Ontario, Placentia, Rialto, Riverside, San Marcos, Santa Ana, and Stanton and the Counties of Riverside, San Benito, San Bernardino, and Sutter. He has also led DTA's efforts in the annexation of properties to various cities and special districts throughout the State of California.

In 1998, Mr. Wen received a B.A. in biology from Cornell University. In 2008, he earned the right to use the CFA designation. Mr. Wen has also attained his Series 50 licensing as a registered Municipal Advisor with the SEC and MSRB.

III SCOPE OF WORK

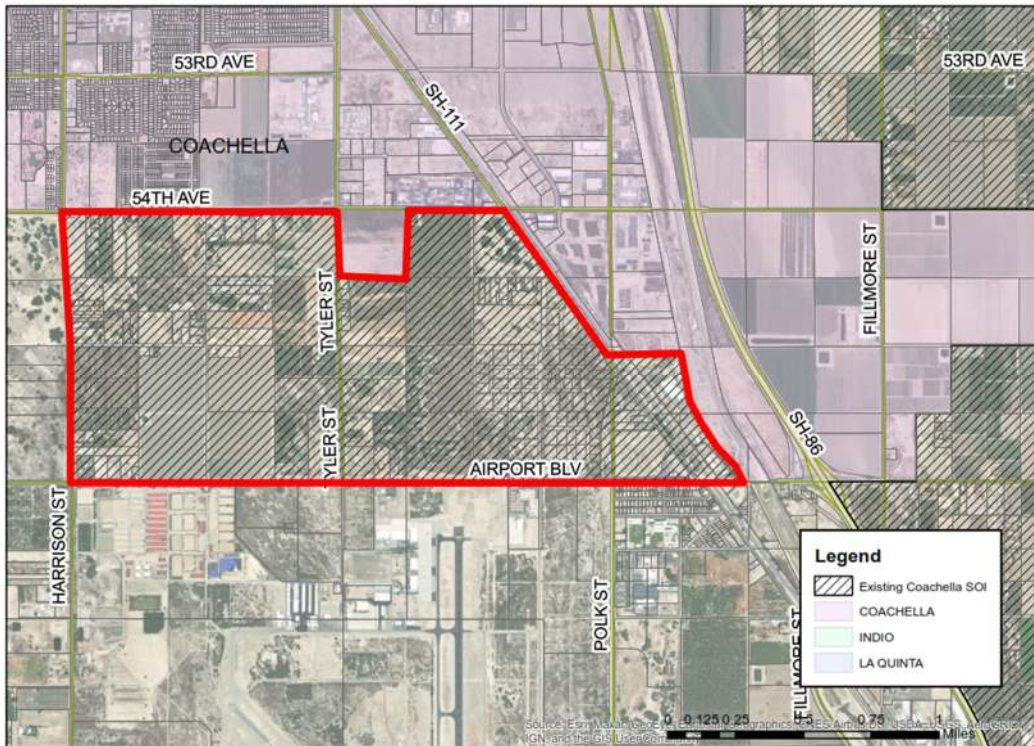
The City of Coachella ("City") is in the process of annexing certain areas currently located in unincorporated Riverside County (the "County") and the City's Sphere of Influence ("SOI"). The tasks listed below shall be undertaken by DTA to prepare the POS and associated FIA to support the annexation of an area commonly known as West Annexation Area 2024 (the "2024 Annexation"), as depicted in Figure 1 below.

Figure 1: Boundaries of 2024 Annexation



In addition, the City is currently contemplating a potential annexation of the area north of the Jacqueline Cochran Regional Airport and within City's southern SOI (the "Airport SOI Annexation"), depicted in Figure 2 below. DTA will prepare the FIA for the annexation of Airport SOI to assist the City in evaluating the fiscal impact of such annexation. Hereinafter, the 2024 Annexation and Airport SOI Annexation shall be collectively identified as the "Annexation Areas."

Figure 2: Boundaries of Airport SOI Annexation



To ensure the accuracy of its fiscal analysis, DTA will rely on both a *Multiplier Approach* and *Case Study Approach* to evaluate the cost of services that will continue to be rendered by current service providers, such as the County, and those to be rendered in the Annexation Areas by the City or other service providers. Under this approach, DTA would send e-mail correspondence and conduct phone interviews with current and future providers to determine current levels of service and future levels of service for the Annexation Areas, as well as their available funding sources. DTA will use existing information regarding the Annexation Area research from any available City or County documents, such as approved planning documents, if available.

This engagement will include the preparation of a POS and the fiscal impacts of the annexation on the City General Fund for the 2024 Annexation, as well as the preparation of an FIA for the Airport SOI Annexation.

Notably, the fiscal analyses described below for the City General Fund cannot be finalized until the City and County reach a Property Tax Sharing Agreement determining the portions of the County’s current property tax allocation to be shared with the City.

A POS for the 2024 Annexation

To prepare the POS for the applicable Annexation Area, DTA will perform the following tasks:

Task 1 – Background Materials and Fiscal Research

DTA shall collect and review all background materials and data necessary for the POS, some of which shall be provided by the City or County. As part of this task, DTA shall perform the following tasks:

- Collect proposed land uses within such Annexation Area by land use type based on City and/or County approvals, including gross and net acres, floor area ratio, building square footage, etc.;*
- Gather information on the Annexation Area’s specific location, Assessor Parcel Numbers (“APNs”), and Tax Rate Areas (“TRAs”);*
- Obtain a map of the Annexation Area that reflects any existing or proposed specific development approvals;* and
- Determine demographic characteristics of the project by existing or proposed land use type utilizing data from the City’s or County’s General Plan*, the City, the Riverside County Transportation Authority (“RCTA”), the State Department of Finance, and other data sources.

*To be provided by the City or County:

Task 2 – Financial and Services Data Collection

DTA will determine the agencies that are currently providing services to the applicable Annexation Area, as well as those who will be providing services to it in the future, as follows:

- DTA shall prepare a separate series of e-mails to be sent to various County departments, as well as all other agencies currently providing services to such Annexation Area (the “Current Providers”). Such e-mails would request the following information from each Current Provider:
 - i. The current level of service, location(s) from which each service is being provided, and costs that residents/property owners are currently charged for such service;
 - ii. Identification of whether the Current Provider anticipates that it will continue to provide the service once the Annexation Area is developed;
 - iii. If the answer to item (ii) is affirmative, DTA shall request the level of service that the Current Provider expects to render and costs of rendering such service as the Annexation Area is being developed, as well as at Annexation Areas build-out;
 - iv. Determination of what upgrades in facilities or additional personnel will be required to extend the service to the Annexation Area once development in the Annexation Area proceeds, as well as once it is built-out; and

- v. The date on which service will be made available to the Annexation Area after the annexation.
- DTA will prepare a separate series of e-mails to the City, the County, and any other future service providers asking for the same information requested under items (iii), (iv), and (v), above, for services that these other service providers will be rendering.
- If necessary, DTA shall follow up with phone calls and e-mails to each current and future provider to ensure that the necessary data has been collected from all providers.
- Types of services to be considered under Task 2 shall include the following:
 - Animal control;
 - Building inspection;
 - Cable TV;
 - Drainage;
 - Emergency medical;
 - Fire protection;
 - Flood control;
 - Land use regulation;
 - Library services;
 - Local law administration;
 - Parks, open space and landscape maintenance;
 - Public recreation;
 - Public transit;
 - Road maintenance and improvements;
 - Schools;
 - Solid waste disposal;
 - Street lighting;
 - Street sweeping;
 - Trash collection;
 - Vector control;
 - Wastewater treatment;
 - Water supply; and
 - County General services.
- DTA will evaluate the present and planned capacity of public facilities and adequacy of public services, including all infrastructure needs or deficiencies.

Task 3 – POS Table

Based on input from Task 2, DTA shall prepare a POS Table that identifies each type of service provided by the Current Provider and proposed service provider once the development of the Annexation Area is initiated and once the Annexation Area has been built-out.

Task 4 – Written POS Report

DTA will prepare a written POS Report to be submitted to the City, County, and County LAFCO summarizing the information collected from these parties under Tasks 1 and 2 for each of the services listed in the POS Table, as well as a copy of the POS Table itself. Under this POS, the services that are to be transferred to the City will be listed, as will those services that will continue to be provided by the County or other service provider. Major changes to the POS based on revised input from the City, County, LAFCO, or other interested parties once the POS has been submitted to them shall be considered out of scope and may require additional fees if these revisions cause the budget to be exceeded.

B FIA for the City

In connection with the POS for the City, DTA shall also prepare an FIA analyzing the fiscal impacts of the proposed annexation on the City General Fund, as discussed below. In general, the City is likely to be responsible for many of the local services to be provided after the annexation, with the City's expenditures and revenues to be determined by DTA through the use of a Per Capita and Per Employee Multiplier analysis of the City's most recent General Fund budget, or by a Case Study analysis for certain services if the agency providing those services provides specific information to DTA.

Task 5 – Background Project and Fiscal Research

DTA shall review additional background materials describing the applicable Annexation Area that are not already covered under Task 1, such as the following:

- DTA will identify projected market prices and valuations for all identified land uses listed under Task 1;* and
- DTA shall determine the existing total property tax rates for each TRA currently included within such Annexation Area. DTA will obtain breakdowns of general levy tax allocation factors from the County Auditor-Controller for each TRA.

*To be provided by the City and County.

Task 6 – City Cost Impacts

DTA will employ the *Per Capita Multiplier Approach* and/or *Case Study Approach* for calculating relevant City costs related to such Annexation Area. This task includes an analysis of the City's current operating budget and relevant City documents. DTA would conduct the following activities under this task:

- This task includes the analysis of the City's current operating budget and relevant City studies or reports (if applicable) to assess the proposed Annexation Area's City General Fund costs at build-out; and
- DTA shall quantify existing infrastructure networks (e.g., existing road lane miles) and service program levels (e.g., number of sworn police officers per 1,000 people or equivalent building square footage) or obtain level of service standards from the City to be applied to the Annexation Area.

Task 7 – City Revenue Impacts

DTA will generally employ the *Case Study Approach* for certain applicable City revenues, such as sales taxes (direct and indirect, as well as Measure U), Utility User's Taxes ("UUTs"), Transient Occupancy Taxes ("TOTs"), property taxes, motor Vehicle License Fee ("VLF") in-lieu fees, and franchise fees. DTA will calculate property taxes based on the TRAs in which the Annexation Area is located and the City's share of 1% secured *ad valorem* property taxes after entering into

a property tax sharing agreement with the County¹.

Where applicable, DTA will employ the *Per Capita Multiplier Approach* for calculating other City revenues, such as gas taxes, fines and forfeitures, State subventions, and other miscellaneous revenue sources. This task will involve an analysis of the City's current operating budget for selected revenue categories.

Task 8 – Overall Fiscal Impacts on the City

- 8.1 **Projection of Annual City Costs and Revenues:** Based on the findings of Tasks 5-7, this task involves the analysis and estimation of the fiscal impacts on the City General Fund that will result from the Annexation Area. DTA will estimate the recurring fiscal cost for the City's provision of public services and operation and maintenance of public facilities for the Annexation Area at build-out. This task also involves projecting recurring revenues to the City from the Annexation Area at build-out.
- 8.2 **Projection of Net Fiscal Impact to the City:** This portion of the analysis will include an evaluation of the fiscal balance generated by the Annexation Area on the City General Fund. If a fiscal shortfall exists, DTA shall project the annual residential and non-residential service charges that would be necessary to mitigate any fiscal imbalance.

Task 9 – Executive Summary

DTA shall prepare an Executive Summary of the fiscal impacts of the annexation on the City General Fund, plus numerous charts and tables, to be presented to the City with the model as an attachment. Please note that DTA shall make minor revisions to the Executive Summary after submittal to the City, such as grammatical, calculation, and structural edits. However, any major revisions to the Executive Summary, including land use changes or revised assumptions, will be considered Additional Work (please see Section IV below for additional information).

C FIA for Airport SOI Annexation

DTA shall prepare an FIA analyzing the fiscal impacts of the proposed annexation on the City General Fund, as discussed below. In general, the City is likely to be responsible for many of the local services to be provided after the annexation, with the City's expenditures and revenues to be determined by DTA through the use of a Per Capita and Per Employee Multiplier analysis of the City's most recent General Fund budget, or by a Case Study analysis for certain services if the agency providing those services provides specific information to DTA.

¹ The City FIA cannot be finalized until the final property tax share percentage is determined.

Task 10 – Background Project and Fiscal Research

DTA shall review additional background materials describing the applicable Annexation Area that are not already covered under Task 1, such as the following:

- DTA will identify projected market prices and valuations for all identified land uses listed under Task 1;* and
- DTA shall determine the existing total property tax rates for each TRA currently included within such Annexation Area. DTA will obtain breakdowns of general levy tax allocation factors from the County Auditor-Controller for each TRA.

*To be provided by the City and County.

Task 11 – City Cost Impacts

DTA will employ the *Per Capita Multiplier Approach* and/or *Case Study Approach* for calculating relevant City costs related to such Annexation Area. This task includes an analysis of the City's current operating budget and relevant City documents. DTA would conduct the following activities under this task:

- This task includes the analysis of the City's current operating budget and relevant City studies or reports (if applicable) to assess the proposed Annexation Area's City General Fund costs at build-out; and
- DTA shall quantify existing infrastructure networks (e.g., existing road lane miles) and service program levels (e.g., number of sworn police officers per 1,000 people or equivalent building square footage) or obtain level of service standards from the City to be applied to the Annexation Area.

Task 12 – City Revenue Impacts

DTA will generally employ the *Case Study Approach* for certain applicable City revenues, such as sales taxes (direct and indirect, as well as Measure U), UUTs, TOTs, property taxes, motor VLF in-lieu fees, and franchise fees. DTA will calculate property taxes based on the TRAs in which the Annexation Area is located and the City's share of 1% secured *ad valorem* property taxes after entering into a property tax sharing agreement with the County².

Where applicable, DTA will employ the *Per Capita Multiplier Approach* for calculating other City revenues, such as gas taxes, fines and forfeitures, State subventions, and other miscellaneous revenue sources. This task will involve an analysis of the City's current operating budget for selected revenue categories.

Task 13 – Overall Fiscal Impacts on the City

- 13.1 **Projection of Annual City Costs and Revenues:** Based on the findings of Tasks 10-12, this task involves the analysis and estimation of the fiscal impacts on the City General Fund that will result from the Annexation Area. DTA will estimate the recurring fiscal

² The City FIA cannot be finalized until the final property tax share percentage is determined.

cost for the City's provision of public services and operation and maintenance of public facilities for the Annexation Area at build-out. This task also involves projecting recurring revenues to the City from the Annexation Area at build-out.

- 13.2 Projection of Net Fiscal Impact to the City:** This portion of the analysis will include an evaluation of the fiscal balance generated by the Annexation Area on the City General Fund. If a fiscal shortfall exists, DTA shall project the annual residential and non-residential service charges that would be necessary to mitigate any fiscal imbalance.

Task 14 – Executive Summary

DTA shall prepare an Executive Summary of the fiscal impacts of the annexation on the City General Fund, plus numerous charts and tables, to be presented to the City with the model as an attachment. Please note that DTA shall make minor revisions to the Executive Summary after submittal to the City, such as grammatical, calculation, and structural edits. However, any major revisions to the Executive Summary, including land use changes or revised assumptions, will be considered Additional Work (please see Section IV below for additional information).

D Virtual Meetings

Task 15 - Presentation of POS and FIA Conclusions

DTA shall formally present the conclusions of its POS and FIA work product at two (2) virtual meetings with the City, County, LAFCO and other interested parties.

E Optional Tasks

Task 16 – Report Preparation

DTA shall prepare full narrative Fiscal Impact Report(s) ("FIRs") (beyond the preparation of Executive Summary-level documents) detailing the impacts of the transfer of the Annexation Area(s) to the City on the City General Fund. Each FIR will contain a detailed discussion and analysis of the assumptions, methodology, and findings of the corresponding fiscal impact study.

Task 17 – Property Tax Sharing Agreement Negotiations

At the request of the City, DTA shall assist in negotiations regarding the Property Tax Sharing Agreement between the City and County. Notably, the data included in the City and County FIAs to be prepared by DTA under this Scope of Work could be utilized as the basis for property tax negotiations between the City and County. As it is likely that a series of separate fiscal analyses may be needed to determine the final property tax sharing percentages agreed upon by the two parties, DTA would keep track of its time on this task separately on a time and materials basis. This cost would be invoiced as an additional charge if it causes the total proposed budget below to be exceeded.

Task 18 – Additional Annexations

At the request of the City, DTA shall prepare additional FIAs for other potential annexations of unincorporated areas into the City.

IV FEE PROPOSAL

The proposed budget for the tasks listed in the Scope of Work is detailed below in Table 1. DTA shall be remunerated for consulting services (as described above in the Scope of Work) on an hourly basis according to the rates set forth in Table 2 below, with invoices being submitted to the City monthly.

Table 1: Proposed Budget

Task Nos.	Project Task	Maximum Charge
1-9	POS for 2024 Annexation	\$27,500
10-14	FIA for Airport SOI Annexation	\$12,500
15	Two (2) Virtual Meetings	Included
Subtotal		\$40,000
Out-of-Pocket Expenses ¹		\$2,000
Total		\$42,000

Note:

1. Out-of-pocket and administrative expenses shall be equal to 3% of DTA's billings for labor, plus travel costs and any outside vendor payments (including those for CoStar, as applicable).

Table 2: DTA's Fee Schedule

Labor Category	Labor Rate
President/Managing Director	\$320/Hour
Senior Vice President	\$290/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

All hourly rates for services apply through June 30, 2025, and are subject to a cost-of-living increase at that time. On or about the first two weeks of each month during which consulting services are rendered hereunder, DTA shall present to the City an invoice covering the current consulting services performed and reimbursable expenses incurred pursuant to this Notice of Authorization. Invoices shall be paid by the City within 30 days of the date of each invoice. A 1.2% charge may be imposed monthly against accounts that are not paid within 45 days of the date of each invoice. The prevailing party in any legal action brought by one party against the other and arising out of this Consultant Agreement

shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses, including court costs and reasonable attorneys' fees.

B Disclaimer

While DTA has a fiduciary responsibility as a licensed Municipal Advisor, DTA is not, unless otherwise stipulated, acting as the City's Municipal Advisor. The services discussed herein do not constitute any financial advice or fall under the category of municipal advisory services as defined by the SEC.

C Limitations

This budget covers only those tasks outlined in Tasks 1-15 in the Scope of Work. Additional consulting services beyond those included in the Scope of Work ("Additional Work") shall require additional fees at the hourly rates listed above if they cause the budget listed in Table 1 to be exceeded. For example, the following would be considered Additional Work:

- Any research by DTA staff to assist service providers, including the City or County, in determining appropriate levels of services or costs;
- Work associated with the preparation of a POS for more than one Annexation Area set of land uses or to reflect significant changes in the Annexation Area's land uses during the preparation of the analyses;
- Work associated with the preparation of FIAs for more than two Annexation Area sets of land uses or to reflect significant changes in the two Annexation Areas' land uses during the preparation of the analyses;
- Additional analysis based on revised assumptions requested by the City, County, or LAFCO after the POSs and their associated FIAs have been submitted for their review;
- Any significant revisions to the report requested by the City, County, LAFCO, or other interested parties after submittal of the Final Report to these parties;
- Preparation of full detailed Fiscal Impact Reports beyond the completion of Executive Summaries;
- Assistance in negotiations with land developers or the County, including property tax sharing negotiations;
- Attendance at any in-person meetings;
- Attendance at more than two (2) virtual meetings for presentation purposes; and
- Any expenses incurred as a result of out-of-scope work.

The logo for DTA (Development Tax Authority) features the lowercase letters 'dta' in a bold, black, sans-serif font. A white, parallelogram-shaped graphic element is positioned above the 't', partially overlapping the 'd' and 'a'.

www.FinanceDTA.com

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