CITY OF
GRASS VALLEY

JUNE 4, 2026

PROPOSAL TO PERFORM CONSULTING SERVICES

COMPREHENSIVE FEE STUDY AND OVERHEAD COST ALLOCATION ANALYSIS

clear source
FINANCIAL CONSULTING

ClearSource Financial Consulting

7960 B Soquel Drive, Suite 363
Aptos, California 95003

TERRY MADSEN | PRESIDENT
tmadsen@clearsourcefinancial.com
831.288.0608

TABLE OF CONTENTS

PROPOSAL CONTENTS

Organizing Information

Proposal Content and Order Required by RFP

clearsource
FINANCIAL CONSULTING

June 2, 2026

CITY OF GRASS VALLEY
Attention: Jon May I Building Official I Community Development Department
125 East Main Street
Grass Valley, California 95945
DIGITAL TRANSMISSION VIA: INFO@GRASSVALLEYCA.GOV

PROPOSAL | COMPREHENSIVE FEE STUDY AND OVERHEAD COST ALLOCATION ANALYSIS

To Jon May and the Members of the Proposal Evaluation Team:

Thank you for the opportunity to serve the City of Grass Valley in providing cost of service-based consulting across its fee-supported departments. **ClearSource Financial Consulting** is well-qualified, available to start within the City's planned timeframe, and fully resourced to complete the upcoming scope of work envisioned by the City. ClearSource brings an **open mind for change** and **energy to do the heavy lifting it takes for a fresh look** on the wide-ranging cost recovery topics. We commit to the City of Grass Valley to provide premier service, on time along a realistic study and legislative schedule, and within budget:

PREMIER SERVICE	ON TIME	WITHIN BUDGET
We routinely demonstrate care about the details and the **rightful influence of local conditions**. We do the hard work to achieve modern and meaningful outcomes that reflect the way our clients serve their communities today.	We know **time is of the essence** in this work: a key determination of success and satisfaction for many of our city clients. All project reporting will be final **150 days from project start**, ready then for a thoughtful pace of legislative review toward a likely **effective date of July 1, 2027**, if not earlier.	We will **finish the scope of services without change orders**, which is our standard practice. We do not ask our clients to bear the risk in estimating what it takes to do this work thoroughly and with successful enactment.

I founded ClearSource Financial Consulting in 2011 to focus on these principles in service solely to California public agencies. As President, I am authorized to negotiate and bind ClearSource contractually under the City's terms. I have reviewed the City's sample agreement and accept its provisions without exception. My signature obligates ClearSource to the commitments in this proposal and confirms that it shall remain valid for a period of 90 calendar days from submittal.

Sincerely,

TERRY MADSEN, PRESIDENT | CLEARSOURCE FINANCIAL CONSULTING
PHONE: 831.288.0608
EMAIL: TMADSEN@CLEARSOURCEFINANCIAL.COM

CLEARSOURCE PROFILE

ClearSource Financial Consulting is pleased to submit our qualifications to the City of Grass Valley as it contemplates a future Comprehensive Fee Study and Overhead Cost Allocation Analysis. We look forward to this opportunity to serve the leaders, direct service providers, and constituents of the City.

FIRM HISTORY | ClearSource is a privately owned California-based boutique consulting firm intentionally sized and structured to emphasize a **highly tailored, high quality study experience for our public sector clients**. ClearSource is staffed by a four-person team of seasoned individuals with decades of combined experience in local government financial analysis. We are particularly focused on equitable forms of locally controlled cost recovery within the challenges and constraints of the ever-evolving California statutory and legal environment, informed respectfully and strategically by the voter driven principles embedded in Propositions 218 and 26.

Our firm is centered on the philosophy and principles of ClearSource founder and President, Terry Madsen, who will lead this project from start-to-finish. **For 24 years, Terry has provided financial consulting services exclusively to local government agencies.** In October 2011, he founded ClearSource, a firm dedicated to providing local government agencies with premier financial consulting, serving with the:

- Energy and enthusiasm to dive deep into the details,
- Willingness to do the heavy lifting necessary to implement modernization and lasting change,
- Exclusive staffing on projects of only tenured professionals able to enact both the science and art in these studies, and
- Commitment to on-time delivery and not-to-exceed consulting fees.

CONTACT INFORMATION | Reach our team at:

PHONE:	831.288.0608
EMAIL:	tmadsen@clearsourcefinancial.com
VISIT/MAIL:	7960 B Soquel Drive, Suite 363 Aptos, California 95003

SERVICE EXPERTISE | ClearSource provides professional services to California municipal agencies, consulting on topics focused on **revenue management through cost of service-based resources**. We specialize in conducting the following common areas of study and consultation on a wide cross-section of governmental services and funds:

- User and regulatory fee studies
- Consolidated fee schedule development and ongoing management
- Comparative/market analysis
- Cost allocation plans and indirect cost rates
- Internal service fund rate studies
- Special financing district auditing, establishment, and administration and ongoing management
- Special projects to address salient revenue and cost recovery topics

Our primary focus is on revenue streams linked to cost of service principles, fairness, and local-government control. Throughout these areas of expertise, we often work in harmony with internal and external stakeholders to achieve successful implementation of the necessary solutions.

PUBLIC SECTOR DEDICATION | As with every study of this type, the successful completion of this project for the City will require **positive, professional relationships with agency staff**, contract service providers, stakeholders, and the City Council and/or subcommittees. ClearSource clientele can attest to our ability to successfully navigate timing, competing values, and other challenges that arise when completing multi-faceted projects.

During his career, **Terry Madsen has been commended repeatedly for his integrity, client service, dedication, and perseverance**. His treatment of agency staff and respect for both the challenges they face and the results they require to successfully accomplish their goals, results in working relationships that span multiple years and varied projects.

CLEARSOURCE EXPERIENCE

COST RECOVERY TOPICS | ClearSource is a California-based consulting firm working exclusively for a diverse array of California-based public agencies on varied topics within the overall question of locally controlled cost recovery of public services. Broad service areas within which we have performed analysis include:

- Community development: planning, land development, building and safety, environmental services, and code enforcement
- Public safety: fire prevention, fire operations, emergency medical services, police, animal control
- Public works: engineering, infrastructure and operations, and utilities
- Community services: parks, community spaces, recreation programs, social services, libraries, facility rentals, arts and culture, special events, and filming
- Administration and governmental: indirect cost allocation and rates, direct labor rates, internal service fund rates, business licensing, and public records

ClearSource has performed consulting services within the past 24 months comparable to the City of Grass Valley's scope of work for its Comprehensive Fee Study and Overhead Cost Allocation Analysis for the sample of California cities and their specific fee/cost recovery-based programs listed in **Exhibit 1 on Page 1-4**. This includes identification of trending topics in California fee design, such as short term vacation rentals, retail cannabis, electric vehicle charging, stormwater management and inspections, and technology enhancement cost recovery.

CLEARSOURCE CLIENTS | Following is a list of ClearSource clients actively served within just the past five years, noting original contract date through most recent date of service, emphasizing **our long-standing, repeat service** to many of these agencies. Throughout our firm's history, **over 80% of agencies for whom we performed an initial contract have returned to us for subsequent services**, via both sole-source engagement and competitive procurement. As a consulting firm performing defined scope and limited-term projects, we are proud of the demonstration of positive service to so many California agencies that our repeated engagement with them confirms.

POPULATION >200,000

- Santa Ana (2019-2023)
- Oxnard (2018-2024)
- Santa Clara County (2022)
- Kern County (2019-2025)
- Ventura County (2024)

POPULATION 100-200,000

- Huntington Beach (2018-2024)
- Garden Grove (2023)
- Roseville (2015-2024)
- Escondido (2024)
- Torrance (2017-2024)
- Santa Clara (2020-2025)
- Antioch (2025)
- Costa Mesa (2019-2024)
- Sparks, Nevada (2025)
- Ventura (2012-2025)
- Norwalk (2023)

POPULATION 50-100,000

- Hemet (2021-2025)
- Merced (2025)
- San Leandro (2016-2022)
- Lake Forest (2019-2025)
- Folsom (2023)
- Newport Beach (2022-2025)
- Milpitas (2018-2025)
- Turlock (2025)
- Yorba Linda (2025)
- Madera (2025)
- La Habra (2025)
- Gilroy (2024)
- Novato (2019-2024)
- Cathedral City (2020-2023)
- Lincoln (2019-2025)
- Placentia (2021)

- Palm Desert (2023)
- Watsonville (2022-2025)
- Pleasant Valley PRD (2022)
- Ceres (2023)

POPULATION 25-50,000

- Azusa (2015-2023)
- Campbell (2018-2023)
- San Bruno (2024)
- Bell Gardens (2020-2021)
- La Quinta (2012-2023)
- Moorpark (2022)
- San Juan Capistrano (2023)
- Bell (2014-2024)
- Lawndale (2020)
- Paso Robles (2024)
- Brawley (2023)
- Wasco (2020-2023)

POPULATION 15-25,000

- Seal Beach (2019-2024)
- Oakdale (2020)
- Calabasas (2023)
- Shafter (2017-2021)
- Oroville (2021)
- Pinole (2022-2025)
- Laguna Woods (2013-2025)
- Rancho Mirage (2019-2021)
- Kerman (2022)

POPULATION <15,000

- McFarland (2020)
- Auburn (2023)
- Palos Verdes Estates (2018-2021)
- Larkspur (2016-2023)
- Grover Beach (2021)
- Signal Hill (2023)
- Morro Bay (2022-2024)
- Corte Madera (2024)
- Sebastopol (2019-2023)
- Escalon (2017-2023)
- Taft (2021)
- Gustine (2013-2022)
- Solvang (2021-2023)
- St. Helena (2025)
- Woodside (2019-2025)
- Del Mar (2026)
- Carmel Valley Recreation & Park District (2025)
- Wheatland (2018-2023)
- Monte Sereno (2018-2020)
- Belvedere (2024)
- Del Rey Oaks (2024)

ClearSource has enthusiastic references from public agencies across California. A sampling of client references begins on **Page 4-1**. Should additional references or sample reports be desired, we will furnish them immediately upon the City's request.

EXHIBIT 1 | SAMPLING OF COST OF SERVICE TOPICS STUDIED RECENTLY

Cost of Service Category	Sampling of Cities Served by ClearSource in the Last 24 Months										
In all cases, ClearSource delivered publishable and working consolidated schedule of fees, administrative record, and supporting cost of service models in Microsoft applications, enabling our clients to edit and manage outcomes between comprehensive studies.	City of Huntington Beach, CA	City of La Quinta, CA	City of Lake Forest, CA	City of Larkspur, CA	City of Lincoln, CA	City of Novato, CA	City of Rancho Mirage, CA	City of Roseville, CA	City of Santa Clara, CA	City of Torrance, CA	City of Ventura, CA
Community Development											
Planning	×	×	×	×	×	×	×	×	×	×	×
Land Development	×	×	×	×	×	×	×	×	×	×	×
Building & Safety	×	×	×	×	×	×	×	×	×	×	×
Public Safety											
Fire Prevention & Operations	×	×			×		×	×	×	×	×
Emergency Medical Services								×		×	
Police	×	×			×	×		×	×	×	×
Animal Control								×		×	
Public Works											
Infrastructure & Operations	×	×	×	×	×	×	×	×	×	×	×
Engineering	×	×	×	×	×	×	×	×	×	×	×
Utilities	×				×			×	×	×	×
Community Services											
Parks & Community Spaces	×	×	×	×	×	×		×	×	×	×
Recreation Programs		×	×	×				×	×	×	×
Community Centers & Libraries	×	×	×		×			×	×	×	×
Facility Use and Rentals	×	×	×	×	×	×		×	×	×	×
Special Events	×	×	×		×	×	×	×	×	×	×
Film Permitting	×	×	×	×		×	×	×		×	×
Administration & Governmental											
Business Licensing					×	×	×				×
Clerk / Public Records	×	×	×	×	×	×	×	×	×	×	×
Indirect Cost Rates & Charges	×	×	×	×	×		×	×	×	×	×
Fully Burdened Hourly Rates	×	×	×	×	×	×	×	×	×	×	×
Trending Topics											
Vacation Rentals		×				×	×				×
Cannabis Retailers		×				×					×
Electric Vehicle Charge Stations			×			×					
NPDES	×	×							×	×	×
Technology Enhancement	×	×		×	×	×		×	×		×

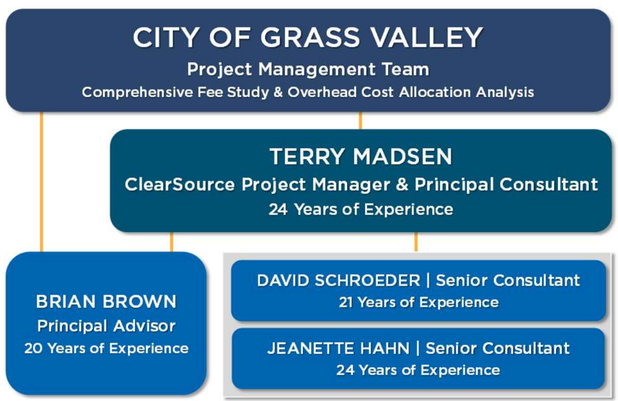
SECTION 2
PROJECT TEAM

CLEARSOURCE TEAM ORGANIZATION

TEAM ORGANIZATION | In ClearSource's work with the City of Grass Valley, the Comprehensive Fee Study and Overhead Cost Allocation Analysis will be led start-to-finish by Terry Madsen as our Project Manager, supported by three additional consultants from our team. A summary of the roles on our team is below, followed by **Exhibit 2**, describing our reporting structure with the City and within our team. Narrative biographies of our individual consultants begin on **Page 2-2.**

- **Project Manager and Principal Consultant, Terry Madsen:** Terry will have responsibility for executing our proposed work plan for this project and adhering to the contractual and administrative commitments we make to the City. Terry will direct the approach and methods we undertake to produce successful outcomes for the City, including maintaining a detailed understanding of our analyses, the City's information, and our recommendations. Terry will be the primary facilitator of meetings and intended presenter of our findings. Terry will direct others on our team to conduct meetings and presentations if scheduling conflicts arise, in order to sustain our calendar commitments to the City. All members of our team operate at a senior level similar to Terry, well versed and easily conversant in the subject matter.
- **Senior Consultants, David Schroeder and Jeanette Hahn:** David and Jeanette will provide analytical, research, strategic, and administrative tasks on or in support of the project, performing according to the task-based responsibilities identified in our work plan and through the day-to-day direction given by our Project Manager. David and Jeanette may individually conduct meetings with City staff to develop data and review findings and both are thoroughly experienced in public facing roles in the subject matter as well.
- **Principal Advisor:** Brian will serve as an additional resource to the City, ensuring that ClearSource meets its commitments for both work product and schedule and sustains collaborative relationships. Brian will support our Project Manager in refining our team's approach and work plan as the study evolves, implement quality control procedures identified by our Project Manager, and contribute ideas to areas of innovation encountered.

EXHIBIT 2 | PROJECT TEAM STRUCTURE



SOLE PROVISION OF SERVICES | All services identified under the City's Scope of Work for this project will be completed by ClearSource personnel. We are entirely qualified and fully resourced to complete the services within our existing firm organization and core competencies. No services will be subcontracted to other firms, nor will any subconsultants or subcontractors be used to supplement ClearSource staff and capabilities.

(This section continues on the following page.)

PROJECT MANAGER / PRIMARY CONTACT

We introduce **Terry Madsen as our Project Manager and primary contact person for the City of Grass Valley**.

CONTACT | Phone Terry at **831.288.0608** or email to **tmadsen@clearsourcefinancial.com**.

Terry Madsen

PROJECT MANAGER AND PRINCIPAL CONSULTANT

29% of Expected Project Hours

PROFESSIONAL EXPERIENCE | Terry Madsen is the President of ClearSource Financial Consulting. For 24 years, he has provided financial consulting services to local government agencies. In October 2011, Terry founded ClearSource Financial Consulting, a firm dedicated to providing local government agencies with premier financial consulting services. From October 2001 to October 2011 Terry was employed by a competing California firm, NBS. Terry's depth of knowledge includes numerous service areas including user fee studies, indirect cost allocation studies, internal service fund rate studies, water and wastewater rate studies, and special financing district administration.

During his career, Terry has served the following diverse sampling of California agencies, among many others: the Cities of Roseville, Huntington Beach, La Quinta, Laguna Woods, McFarland, Long Beach, Palos Verdes Estates, Rancho Mirage, San Leandro, Santa Ana, Santa Clara, Sebastopol, McFarland, Torrance, and Ventura; the Counties of El Dorado and Kern; and special districts such as Sacramento Regional Transit and Rancho Simi Recreation and Parks.

Within the past several years, Terry has supported cost allocation, cost of service, and user/regulatory fee studies for the following sampling of California public agencies:

- County of Kern, CA I Project Manager – Fire prevention fees, fire department indirect cost rates
- City of Lake Forest, CA I Project Manager – Citywide user and regulatory fees, formal cost recovery policy, Citywide indirect cost allocation
- City of La Quinta, CA I Project Manager – Citywide user and regulatory fees
- City of Long Beach, CA I Project Manager – Engineering development review fees
- City of Roseville, CA I Project Manager – Citywide user and regulatory fees, internal service fund rates
- City of Ventura, CA I Project Manager – Citywide user and regulatory fees, Citywide indirect cost allocation, internal service fund rates

Terry has worked closely with every level of the public body including property owners, community organizations, City Council/Board members, special commissions, agency managers, all members of the agency finance team, directors of every agency department, management analysts, and the direct service staff that are the primary contact points for members of the community, such as inspectors, plan reviewers, operators, maintenance personnel, and records staff.

Terry's experience in performing fee studies includes all phases of the work, from project initiation to completion and presentation of final findings. His efforts include data gathering, conducting interviews with agency staff, model development, report preparation, and presentation and delivery of study narratives. He has analyzed fees for a comprehensive array of municipal services, such as planning, land development, building, fire protection, code enforcement, community services, parks, recreation, administration, general governmental, public infrastructure, utilities, and others.

Terry is a member of the California Society of Municipal Finance Officers. He received his undergraduate degree (Cum Laude) from Cal Poly, San Luis Obispo. He was awarded a Bachelor of Science in Business Administration with a Finance Concentration and an Economics Minor. He received his graduate degree from California State University, San Bernardino. He was awarded a Master of Business Administration with an Entrepreneurship Concentration.

Terry is based in Santa Cruz County and serves ClearSource clientele across California.

PROJECT ROLE | Terry will serve as our Project Manager, responsible for the performance of all study elements and fulfillment of our agreement with the City. He will also be the Principal Consultant for the studies, directing analysis for our staff, performing targeted analysis, troubleshooting, providing quality assurance, facilitating onsite and remote interaction with City staff and leadership, and representing our work in public procedures.

Continuity of Service

As an intentionally structured small firm that believes our size is integral to the way we provide **personalized and high quality service to our client communities**, ClearSource nonetheless is asked by agencies about our plans for ensuring continuity of service if a team member faces personal emergency disruptive to the project. In fact, this is essential to our business and reputation. In addition to our collegiality and cross-discipline synergy, this is one of the key reasons **our staff is comprised only of seasoned professionals** in this area of expertise.

Our consultants are each two or more decades into consulting careers rich with successful project management, direct project performance, and accomplished public engagement for successful implementation of outcomes. For the City of Grass Valley, in the unlikely event our Project Manager Terry Madsen became unable to complete these services, fellow team member Jeanette Hahn will step into his place, able to perform at equal level, effectiveness, and achievement to Terry.

PROJECT SUPPORT STAFF

We introduce the following professionals who will be assigned to the City of Grass Valley for specific elements within the overall project.

David Schroeder

SENIOR CONSULTANT

45% of Expected Project Hours

PROFESSIONAL EXPERIENCE | David Schroeder is a Senior Consultant for ClearSource Financial Consulting. He has served the public sector for 21 years, focusing on recovery of municipal service costs, particularly within the varied structures of California special financing districts used by cities, counties, and special purpose districts across the state.

David's technical expertise is centered on large-scale and complex database analysis on multiple platforms, geographic information systems and science (GIS), and auditing of records and systems. Project areas in which David applies these skills for public sector clients have included:

- Special financing district administration, formation, annexation, auditing, and continuing disclosure reporting.
- Advanced GIS, including design and analysis to support district formation, annexation, Proposition 218 procedures, rate studies, and development impact fee analysis.
- Solutions generation for complex issues facing municipal clients, including fund close-outs, independent auditing of special financing districts, design and administration of refund programs, and data-driven public outreach.

David's expertise has supported a variety of public services including: lighting and landscaping, public safety, public facilities and maintenance services, and other municipal activities spanning general and special benefit. He is conversant in and has trained client agencies on GIS, including systems such as ESRI ArcGIS and the creation and usage of GIS web applications on the platform.

Within the past several years with ClearSource, David has supported cost allocation, cost of service, and user/regulatory fee studies for the following sampling of California public agencies:

- City of Santa Ana, CA I Senior Consultant – Citywide indirect cost rates and charges, internal service fund rates
- City of Lincoln, CA I Senior Consultant – Citywide user/regulatory fees, indirect cost allocation

- City of Placentia, CA l Senior Consultant – Citywide user/regulatory fees, indirect cost allocation
- City of Solvang, CA l Senior Consultant – Citywide user/regulatory fees, indirect cost allocation
- City of Hemet, CA l Senior Consultant – Citywide user/regulatory fees, indirect cost allocation
- City of Seal Beach, CA l Senior Consultant – Citywide user/regulatory fees, indirect cost allocation, budget analysis of labor allocations

David earned a Bachelor of Science in Business Administration, concentrating in Accounting Information Systems, from California State University San Bernardino. He is also certified from the University of West Florida's Graduate Geographic Information Science program.

PROJECT ROLE | David will provide large scale data analysis, facilitate areas of data development including meetings with direct service centers, conduct financial modeling, and perform research in support of analytical tasks for fee-oriented cost of service efforts.

Jeanette Hahn

SENIOR CONSULTANT

20% of Expected Project Hours

PROFESSIONAL EXPERIENCE | Jeanette Hahn is a Senior Consultant for ClearSource Financial Consulting. She has 24 years of experience advising municipal agencies on equitable and effective costs of service, cost recovery, and strategic financial planning.

Jeanette has analytical and policy expertise in the following subject matter:

- Cost of service analysis and cost allocation for cost recovery opportunities, including user fees, regulatory fees, and contracts/partnerships
- Water, wastewater, reclaimed water, and storm water/drainage utility rates and fees
- Development impact fees and capacity charge nexus analysis/justification
- Economic feasibility/decision analysis
- Long-range financial planning
- Benchmarking

Prior to becoming part of the ClearSource team in 2017, Jeanette succeeded at competing consulting firms. She was Director of Financial Consulting for California-based NBS from 2007 to 2011 and served progressive roles at FCS GROUP from 1997 to 2007, including California Regional Manager from 2004 to 2007. Jeanette stepped down from these executive roles in 2011 to balance family needs.

Jeanette has performed over 250 separate engagements for public agencies of diverse size and situation throughout the Western United States, including in California, Washington, Oregon, Idaho, Nevada, Utah, Montana, and Alaska. She is articulate and agile when working within the legal framework of rate and fee-setting across these states, with particular emphasis on California's Proposition 218 and the state's Mitigation Fee Act.

As an accomplished and highly regarded speaker, Jeanette has earned a reputation for crafting effective and persuasive messages for attaining legislative and public approval of financial plans and accompanying rates and fees. Her skills have been deployed frequently in municipal work to defuse contentious or actively contested matters. Furthermore, she has been repeatedly invited to present in educational and industry forums, such as the California Society of Municipal Finance Officers, League of California Cities, Association of California Water Agencies, and California Special Districts Association, among many others.

Within the past several years with ClearSource, Jeanette has supported cost allocation, cost of service, and user/regulatory fee studies for the following sampling of California public agencies:

- City of Milpitas, CA l Senior Consultant – Citywide indirect cost allocation plan, Citywide fully burdened hourly labor rates
- City of Newport Beach, CA l Senior Consultant – Citywide indirect cost allocation plan, Tidelands indirect and direct cost allocation plan, and Streets maintenance of effort cost allocation plan
- City of Santa Clara, CA l Senior Consultant – Citywide indirect cost allocation plan, parks and recreation cost recovery public outreach

- City of Huntington Beach, CA I Senior Consultant – Citywide indirect cost allocation plan
- City of Sebastopol, CA I Senior Consultant – Citywide indirect cost allocation plan

Jeanette holds a Bachelor of Arts in Economics with a Public Finance concentration from the University of Washington, Seattle.

PROJECT ROLE | Jeanette will provide senior level analysis, including framework of quantitative models, strategic positioning in targeted subjects, and quality assurance/quality control. Jeanette is also well able to ensure our team's continuity of service commitments for overall project management.

Brian Brown

PRINCIPAL ADVISOR

6% of Expected Project Hours

PROFESSIONAL EXPERIENCE | Brian Brown is a Principal for ClearSource Financial Consulting. Brian has served as a consultant for 20 years in the establishment and ongoing management of special revenue mechanisms unique to California public agencies and essential to the recovery of costs for various public services and infrastructure. Brian joined ClearSource in 2024 after serving progressive roles at other firms including NBS, Harris & Associates, and Francisco & Associates. Through all these consulting practices, Brian focused predominantly on projects and ongoing support for California local governments, including cities, counties, and various special districts such as school districts, recreation and parks districts, water districts, and county service areas.

Brian's expertise includes special financing districts, property related fees, and taxes formed under a variety of statutes, including, but not limited to the Mello-Roos Community Facilities Act of 1982, Improvement Act of 1913, Municipal Bond Act of 1915, Landscape and Lighting Act of 1972, and County Service Area law. Specific projects include:

- Development, implementation, and on-going management of numerous financing strategies and special financing districts.
- Feasibility studies
- System audits
- District, parcel, and fund/account audits
- Budget development and analysis
- District and project fund closeouts
- Initial bond disclosure analysis
- Continuing disclosure services
- Development of tax and assessment methodologies
- Statutory compliance related to land-based financings
- Proposition 218 compliance.

Brian is an effective and prolific trainer of public agency staff and stakeholders, regularly educating at community forums, regional events, and industry gatherings. Additionally, he customizes subject matter training for individual agencies as part of his consulting practice. Brian is engaged with the California Society of Municipal Finance Officers and the Committee on Assessments, Special Taxes, & Other Financing Facilities.

PROJECT ROLE | Brian will support our Project Manager in monitoring our team's work and schedule compared to commitments made to the City, conducting quality control procedures, and contributing to specific issues discovered through study.

PROJECT UNDERSTANDING

Nature of the Project

The City of Grass Valley is engaging a consultant to conduct a **Comprehensive Fee Study and Overhead Cost Allocation Analysis in Fiscal Year 2026-2027**. This project is focused on the ethic of "the costs to serve" as the essential justification for fees and other specific forms of cost recovery in California to be enacted through action by the local governing body. Broadly speaking, the two cost of service-based studies answer:

- What are the costs of indirect and certain internal services supporting direct service provision to the community which may be reasonably recovered across various available mechanisms, including fees and other charges/direct billing? (This is the chief purpose of the Cost Allocation Plan element of services.)
- What are the full costs – direct and indirect – of outward-facing services provided to the community, which currently have or may be eligible for a user or regulatory fee? (This begins the series of steps within the User Fee Study element.)
- What are the cost recovery targets or policies of the agency as to the amounts that should be paid for those who request or cause these services under review?
- What structure of fee ensures a reasonable relationship between the fee amount paid and the underlying costs to serve?
- What is the impact to the source funds of changes to user/regulatory fees?

City Objectives for the Project

From our experience with other similarly situated agencies seeking these services, we believe the City expects its consultant to deliver a comprehensive review of the City's cost recovery structure with the goal of establishing a consistent and objectively based fee and rate structure meeting the needs of the City and residents. The resulting fee and rate system must comply with all applicable laws and regulations and be compatible with the City's financial system and other systems, such as permit-tracking and online fee portals.

Fee-Based and Other Services Expected for Study

USER/REGULATORY FEES | ClearSource expects that the fee-related services under review in this study will focus on direct services eligible for user fee methodology, as well as identification during this study of any relevant additions for services performed without a fee or for under-quantified or ineffectively structured fees. Within the participating departments, this can encompass activities that generally may include:

- Regulatory activities, such as review, approval, and inspection of land development, construction/building, and improvements to infrastructure, and other areas of code review, compliance, and enforcement
- Permitting, such as special events and use of public facilities, infrastructure, and services
- Facility rentals and use of public spaces
- Program participation
- Operations and services of individual benefit/request or in response to individual action
- Licensing, billing, records management, and administrative service
- Hourly rates for direct-billing City staff time

  (Revenue streams excluded from this study due to differing authority, implementation and analytical methods, and approval procedures are: utility rates and other property-related fees subject to Proposition 218 proceedings, assessments, development impact fees, in-lieu fees, franchise fees, fees intended and codified more as "taxes," punitive fines/penalties, and general taxes.)

The Comprehensive User Fee Study is expected to **cover departments across the entire City organization without exclusion**, studying every user fee (or potential fee-based service) eligible for this analytical method and implementation process. From the City's existing consolidated fee schedule, ClearSource anticipates fees in the following categories and/or divisions to be evaluated in this project:

- Administration and Finance (non-tax)
- Police
- Animal Control
- Fire
- Planning
- Building
- Engineering
- Public Works
- Parks, Recreation, and Facilities

INDIRECT COSTS | While cost recovery for the above listed direct services are the focus of the Comprehensive User Fee Study, the Cost Allocation Plan focuses on cost recovery for the "indirect" services of the agency. Indirect services represent City budget units commonly found in (but not necessarily exclusive to) the General Fund that might include, as allowed:

- Legislative and general governmental activities
- Organization-wide management and administration
- Central services outside of internal service funds

Allocation of these services yields cost recovery mechanisms such as administrative charges or interfund transfers on eligible non-General funds, indirect cost rates applicable to direct billing, and a layer of cost recovery in the User Fee Study.

ClearSource Guiding Principles

ClearSource follows several guiding principles as we approach this subject matter for our clients:

- Create user/regulatory fees and associated practices that are understandable, implementable, and maintainable.
- Care about the details. Documentation matters. Communication with internal and external stakeholders matters.
- Identify estimated reasonable costs of service and use this information to set a coordinated and mutually consistent system of fees, internal charges, and associated policies.
- Balance the additional effort required for ongoing administration and maintenance when attempting to achieve a greater degree of accuracy.
- Consider legality, existing systems, resource capacity, and staff and community preferences when determining the best course of action.

General Approach to Study

The following fundamental components are embedded in the ClearSource approach to an indirect cost allocation plan and user fee study for California municipalities:

- Adherence to the state's legal boundaries: **Article XIIIC of the California Constitution**, Proposition 218, and Proposition 26, which direct fees be set according to the estimated reasonable cost of service and bear a fair and reasonable relationship to the payer's burdens on or benefits received from agency service.
- Development of a dynamic indirect cost allocation model, capable of iterations based on cost recovery venue: either **a "full cost plan" .for application in locally controlled revenues versus a more constrained "federal" plan (OMB 2 CFR Part 200)**.
- Development of a functionally layered **"full cost of service"** to represent the maximum limit for fees and cost recovery, inclusive of direct and indirect costs of service from participating agency divisions and centralized services.
- Valuation of agency time in providing direct services, serving as the basis for fee structures or for direct billing.
- Development of **cost recovery policy and practices**, which optimize the agency's array of funding sources considering public and private benefits, market sensitivity, compliance and behavior modification, and fiscal constraints.
- Remodeling of fee structures where cost profiles, agency operations, or predetermined objectives necessitate change for improved recovery or more efficient or accurate collections.
- Full support and flexibility to complete the administrative record and pursue successful adoption/implementation of fee proposals.
- Reflection of **local values**, including internal perspectives and practices and existing legislative policy or common direction.

- **Adherence to committed schedule** as a critical factor in supporting City priorities and fostering broad satisfaction with the project.
- **No limit on number and format of events** needed to bring the project within this identified Scope of Services to successful completion.
- Delivery of **tools designed to be used actively** and essential to the City's ongoing successful update and maintenance of user fee and indirect cost outcomes.

Validation Process

Many communities specifically ask to understand the validation process for ensuring information is accurate. In user/regulatory fees, for which the phrase "estimated reasonable" is expected in their cost of service justification, three fundamental principles apply:

- Costs are linked to adopted budgets or actual financial reporting. These are the costs of Grass Valley. Respected policy is made intrinsically through these reports.
- Any critical data that must be developed, such as staff time estimates, is processed against activity volumes to compare to actual organizational capacity. Anything based on an estimate that drives an outcome not in line with actual capability will be readily apparent and flagged by ClearSource for reconsideration.
- While the industry does not inform fee outcomes at Grass Valley, the industry helps us identify outliers for explanation, investigation, or reconsideration.

ClearSource Solutions

ClearSource efforts across all elements of the project will focus in the following key areas:

DEVELOPMENT AND DOCUMENTATION OF CRITICAL INPUTS

- Remodeled Fee Structures and Service Categories (as merited)
- Financial Foundation for the Costs of Service: revenues, personnel costs and organization, operating costs, and allocated administration/central services
- Annual Service Time
- Individual Unit Service Time
- Volume of Applications, Permits, and Service Population (as feasible)

DEVELOPMENT AND DOCUMENTATION OF QUANTITATIVE ANALYSIS

- Indirect Cost Rates: by departmental classification and a composite for the City if applicable
- Fully Burdened Hourly Rates: by division and by staffing classification
- Activity Costs of Service: by individual fee-related service, by broad service category, and/or by functional program
- Cost Recovery Policy: how much of the costs of service should be recovered by a fee?
- Regional Fee Comparison: does the market influence the City's decision-making?
- Comprehensive/Consolidated Fee Schedule for the 2026-2027 or 2027-2028 fiscal year, including tools for annual updates
- Projected Revenue Impacts

ENGAGEMENT AND APPROVAL

- Departmental Interaction: project orientation, data development, and interim review points
- Stakeholder Interaction (as necessary)
- City Council Interaction: presentation of findings and public hearing
- Project Owner Interaction: training for future upkeep of project outcomes and delivered tools

DELIVERABLE TOOLS

- Reporting: draft report, summary presentation, staff report, and final report
- Tools: fully-burdened hourly rate models, indirect cost allocation model, activity costs of service models, comprehensive fee schedule, and reporting

WORK PLAN 1 | COST ALLOCATION PLAN

ClearSource presents the following work plan to complete the scope of services envisioned by the City of Grass Valley for the Cost Allocation Plan.

Task 1. Study Orientation

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will generate common understanding of objectives, known issues to be addressed by study end, participant roles, expected procedural requirements, schedule and pre-established dates, and data collection and development measures. We will assess prevailing cost allocation models, methods, and applications, including annual procedures, internal opinions, impacts, and workload balance contrasted with the requirements of the City's varying uses for overhead reimbursement. We will review readily available budgetary documents to gain a working knowledge of City structure and accounting practices. We will determine a plan for generating current indirect cost allocations for the host of uses identified by the City. This will likely include development of a new Excel-based model in alignment with current needs but may include modification of existing tools if City personnel prefer to sustain existing tools.

EVENTS:

- Video meeting with City project management team; meeting with any applicable stakeholders

Task 2. Financial and Organizational Inputs

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will develop the necessary foundation for quantitative analysis, with focus on necessary data and documentation of assumptions as required by the application of plan outcomes (e.g., 2 CFR 200) We will access organizational and line-item detail to support costs, allocation factors, workload metrics, and accounting structure in the cost allocation model. We will acquire and parse statistics useful as bases for distributing costs and, where necessary, develop and document alternate data sets. We will conduct targeted engagement with representatives from support services departments to influence data accessibility and relevance in the plan, such as labor time, work order records, inventories, and other volumetric or organizational tools.

EVENTS:

- Video meetings, as needed, with City support services personnel

Task 3. Cost Allocation Model – Full Cost Structure

CLEARSOURCE PLANNED ACTIVITIES AND CITY SCOPE OF SERVICES: ClearSource will generate the quantitative model in Microsoft Excel to allocate indirect costs accounted for in the General Fund Citywide. The model will be built to accommodate change in the organization: the ability to add or remove direct and indirect costs and to adapt to a range of activities, from simple to complex. The model is expected to identify: Citywide fund and accounting structure and fiscal year data for allocation outcomes, allocable indirect service centers, allocation bases and related distribution factors for indirect service centers, direct service centers, primary and secondary allocations, resulting annual cost allocations, resulting Citywide and departmental indirect cost rates, and resulting interfund transfers. The model will provide for future in-house or consultant updates by accommodating any "true-up" adjustment, utilizing annual inflators, or revising underlying assumptions for fiscal year basis and/or allocation metrics. ClearSource will generate a comparison of outcomes under the updated Cost Allocation Plan to prior year outcomes, including explanation for substantive differences.

DELIVERABLE:

- Editable Microsoft Excel spreadsheet-based model

Task 4. Reporting and Deliverable Tools

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will provide the formal documentation of the Full Cost Allocation Plan, as well as deliver the editable tools developed throughout the study for the City's ownership and future use. We will include a narrative description of the Plan, describing key data and assumptions, and impacts; summary infographics; and the complete quantitative analysis as the justification for resulting Citywide and departmental indirect cost rates and interfund transfers. Draft reporting issued will be revised and reissued as final upon City review and input. ClearSource will provide a training session and appropriate documentation for the City's future maintenance of the Plan.

DELIVERABLES:

- Microsoft Excel-based and editable analytical models to allocate costs
- Comprehensive report identifying detailed cost allocations, interfund transfers and/or charges for service, indirect cost rates for direct billing, impact on revenues in total and by fund/department/division, and comparative outcomes

EVENTS:

- Training for City staff in future management of indirect cost outcomes and deliverable models

Task 5. Review and Engagement

CLEARSOURCE PLANNED ACTIVITIES: Throughout the study and its concluding stages, ClearSource will facilitate a meaningful level of interaction between consultants, City personnel, and if needed, City Councilmembers, to ensure applicable and sustainable outcomes and wide understanding of impacts. **ClearSource does not impose limits on number of engagements** within our defined work plan and to usher study outcomes to successful implementation.

EVENTS:

- Video meetings with City project management team;
- Video meetings with any applicable internal stakeholders and City management
- Video or in-person meeting with City Council and/or subcommittee, as necessary

WORK PLAN 2 | USER FEE STUDY

ClearSource presents the following work plan to complete the scope of services envisioned by the City of Grass Valley for the User Fee Study.

Task 1. Study Orientation

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will generate common understanding of objectives, known issues that must be addressed by study end, participant roles, expected procedural requirements, schedule and pre-established dates, and data collection and development processes. Most significantly, we will examine prevailing fees for known issues and discuss initial and potential modifications to fee structures, practices, and policies. We will assess prevailing fees and methods to understand effectiveness of current structures, including perceived cost recovery, perceived equity, alignment of fee categories with the manner in which work is performed, perceived competitiveness in the region, and feasibility or accuracy of billing within current capabilities. We will draft initial user/regulatory fee structures, where remodeling is predicted, to direct down-stream data development steps.

EVENTS:

- Video meeting with City project management team
- Video meeting(s) with individual direct service departments overseeing fee categories under review

Task 2. Financial and Labor Time Inputs

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will develop the necessary foundation for subsequent quantitative analysis, with focus on preparing the body of data that will inform every downstream element of the fee study. To develop financial inputs, we will gather and model financial data including: current and historical fee revenues, personnel and contractor costs and organization, adopted line-item expenditures, forecasted periodic outlays, and allocated indirect costs via new or existing plan. To develop and test labor time inputs, based on prevailing and future business processes, we will gather and develop expressions of time by utilizing any existing labor time-tracking data; conducting interviews to estimate a distribution of annual time across core functions of service; developing service time questionnaires linked to remodeled fee structures to estimate average or range of service times for fee-based services; applying industry experience to populate under-developed or unavailable time estimates; analyzing any existing data sets that inform workload/activity/use levels and project profiles; and reconciling annual time, service time estimates, and service volumes to test reasonableness of critical assumptions.

EVENTS:

- Video meetings with individual direct service departments to develop critical inputs

DELIVERABLE:

- Labor time profiles for fee-based service categories with applicable reasonableness testing

Task 3. Labor Time Valuation

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will develop fully burdened hourly labor rates in each department/division participating directly in the provision of services associated with a fee under review. Rates will be built to encompass labor costs, non-labor operating costs, departmental and/or divisional administration, Citywide central services/general administration, and periodic investments. Rates will be expressed by function of direct and indirect service within each department/division, where applicable and to enable cost recovery considerations for certain fee categories. Rates may be expressed as composite for the department/division and for the position class.

DELIVERABLE:

- Fully burdened hourly rates for divisions and/or position classes

Task 4. Fee Design

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will apply the outcomes from Tasks 1 and 2 – an assessment of existing fees and interaction with City staff to understanding current practices and work flow – to ensure cost of service analysis aligns with the fee structures recommended from that work, which may include elements of prevailing fees, recommendations based on prevailing business processes, system capabilities, and relevant market or industry practices applicable to City work flow. We will prepare a working model of a comprehensive fee schedule to guide subsequent analysis.

DELIVERABLE:

- Working model for the Consolidated Fee Schedule (service categories and fee structure)

Task 5. Cost of Service Analysis

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will prepare a cost of service model to join fully burdened hourly labor rates, time estimates associated with current workflow and business processes, and existing or any redesigned fee structures, in order to calculate the full unit cost of service associated with each fee category and layers within them. The full cost of service informs the maximum fee amount allowed under California framework for establishing user/regulatory fees by City Council action. The full cost of service at the fee or programmatic level is composed of direct labor and non-labor costs, indirect labor and non-labor costs, periodic outlays of direct or indirect benefit, departmental overhead, and Citywide overhead. Analysis will include modeling of activities with under-developed or no fee imposed but where one is warranted and practical to improve the City's cost recovery from private benefit activities.

DELIVERABLES:

- Activity-level/unit costs of service and current recovery performance of the full cost

Task 6. Cost Recovery and Impact Analysis

CLEARSOURCE PLANNED ACTIVITIES:

ClearSource will recommend cost recovery targets for fee-based services or work with City staff in developing cost recovery policy to inform final fee amounts, particularly where full cost recovery is deemed unfeasible. Development of cost recovery policy and practices will optimize the City's array of funding sources considering public/private benefits, market sensitivity, compliance and behavior modification, and fiscal constraints. We will review and recommend where warranted associated fee practices, including waivers, discounts, deposit amounts, fee/deposit collection practices, and economic incentive practices.

ClearSource will develop a publishable comprehensive fee schedule for the City, useful in presenting proposals, as well as communicating fee descriptions, fee amounts, and charge bases to the public and to other City departments, who may have responsibility for maintaining Citywide schedules of fees. The comprehensive fee schedule developed can also include a tool for subsequent annual inflationary adjustments to the established fee structures between comprehensive cost of service studies. To the extent existing data systems enable it, revenue estimates from proposed fees based on historical or projected performance will be attempted, and we will compare prior fees in targeted service categories to assist in explaining impacts of notable changes. ClearSource will prepare a comparison of fees to other municipalities in targeted service categories as needed, likely by creating profiles for an array of "typical" uses in addition to one-for-one comparisons.

DELIVERABLES:

- Cost recovery policy framework and accompanying proposed Consolidated Fee Schedule
- Regional fee comparisons (selected and/or by sample project/application
- Revenue impacts as feasible
- Direction and tool for subsequent annual inflation-based management of fees between comprehensive studies

Task 7. Reporting, Administrative Record, and Deliverable Tools

CLEARSOURCE PLANNED ACTIVITIES:

ClearSource will prepare the administrative record for pursuing implementation of revised fees. This focuses on the draft and final reports of cost of service findings, including assumptions, critical data, and discussion of expected impacts. Analytical detail will be included, as well as executive summary and infographics useful in public presentation and legislative processes. We will deliver the editable analytical models used to develop fees, including the detailed working comprehensive fee schedule and its streamlined, user-friendly publishable version. ClearSource will also provide presentation/summary materials for communicating proposals and assistance with both the staff report and public hearing notice. ClearSource will provide a training session and appropriate documentation for the City's future maintenance of comprehensive fee schedule.

DELIVERABLES:

- Citywide Consolidated Fee Schedule
- Microsoft Excel-based and editable analytical models to calculate cost of service based fees and tool for annual update of the consolidated fee schedule
- Report identifying detailed full costs of service (direct and indirect), current and recommended cost recovery, revenue impacts of recommended fees, and comparison of fees to other cities; report in digital file and any requested bound paper copies

- Staff report assistance for City Council agenda
- Presentation materials for City Council or other public meeting(s)

Task 8. Review, Engagement, and Approval

CLEARSOURCE PLANNED ACTIVITIES:

Throughout the study and at its concluding stages, ClearSource will facilitate a meaningful level of interaction between consultants, City personnel, and City Councilmembers or other City Commission(s) to ensure applicable and sustainable outcomes and wide understanding of impacts. **ClearSource does not impose limits on number of engagements** within our defined work plan and to usher study outcomes to successful implementation.

EVENTS:

- Video meetings with City project management team and/or meetings with individual direct service departments with fees under review
- Video or in-person meeting with applicable stakeholders
- In-person meeting with City Council and/or other City commission or committee
- In-person public hearing

CITY AND CONSULTANT RESOURCES

City Resources

CITY STAFF TIME | The City's Scope of Work for this project represents tasks to be performed and completed by the ClearSource team and which are delivered by the previously detailed ClearSource Work Plan. **ClearSource absolutely commits to do the heavy lifting in this project, and we do not reverse delegate to City staff.** That said, these types of projects are collaborative efforts. ClearSource identifies the following key ways in which City staff are involved in the completion of the project:

- Provide institutional knowledge and expertise and requested background documents, such as financial data, staffing information, fee schedules, and relevant policies. ClearSource asks City staff only for reports already in existence for other City purposes and readily available to share.
- Provide an overview of current fee schedules, fee collection practices, system capabilities for managing fee amounts and structures, and data tracking systems. ClearSource accomplishes this with staff in meeting format and does not ask staff to create responses outside efficiently schedule meeting time.
- Respond to consultant questionnaires or interviews to develop staff time profiles. Again, ClearSource achieves this in conscientiously scheduled meeting format without subsequent "homework" for participating staff.
- Attend meetings to provide direction based on consultant-generated analysis, findings, and recommendations.
- Notice public meetings.
- Prepare agenda items for proposed fees and other outcomes brought forward for legislative and public review.

The following list provides an estimate of time that may be invested by City staff during the project, depending on role:

- City's Project Manager: 20 to 40 hours, varying by degree to which this individual attends all engagement with participating departments and divisions with consultants.
- Departmental/divisional key contacts: 2 to 8 hours, varying by complexity of fees managed or indirect service provided.
- Selected direct service personnel representatives: 30 minutes to 2 hours.

The ClearSource team does not require involved City staff to possess and skillset outside of their job responsibilities with the City. **We view City staff as experts in what they do**, while we bring expertise in cost of service analysis, nexus analysis, and the fee, rate, and other cost recovery mechanisms under review in this project.

CITY INFORMATION | During this project, the City will provide ClearSource with readily available documents and data sets already tracked and exportable from its existing systems. **(ClearSource will not require the City to manipulate or parse data sets from their original form; our efforts to work with data sets in the forms delivered by the City is built into our presumed labor effort and consulting fee.)**

In a typical user and regulatory fee study, the following general information will be requested of the City:

- Actual and budgeted revenue and expenditure detail by fund, organization, and object across multiple fiscal years.
- Budgeted personnel costs by fund and organization.
- To be determined during study orientation based on need and availability: specific data sets tracked which might describe activity workload, such as service volumes and time.
- To be determined during fee design based on need: documentation of any specific formalized practices and policies associated with fee application and collection.

OTHER INFORMATION | Additionally, ClearSource independently will access the City's publicly available documents, such as budget documents, annual financial reports, relevant planning documents, existing fee schedules, existing fee schedules, existing fee schedules, existing fee/cost recovery policies, organizational information, and other available material.

ClearSource will also tap external/industry data sets as needed and conduct comparative fee research relevant to the City of Grass Valley. Finally, ClearSource will use our experience in the immediate region and with comparable communities across California to fill gaps, springboard conversations with City staff, and generally **ensure that overwhelming burdens are not placed on City personnel to accomplish a successful and meaningful study**.

Consultant Resources

Our four-person team expects to spend over 200 hours during the project period fully delivering the City's scope of services and ushering the findings of the study to successful enactment. **Exhibit 6 on Page 6-3** lists a breakdown of our team's hours by team member and task from the previously described Work Plan.

While we have emphasized the collaborative roles of ClearSource and City staff in the successful completion of this study, we also commit to ensuring that:

- ClearSource performs all heavy data analysis for this project and does not reverse delegate to City staff.
- ClearSource works within existing data systems used by the City and does not ask City staff to create customized responses.
- ClearSource reframes and redesigns questions we ask of City staff or intended approaches to solutions in order to fit the capabilities and availability of participating departments.
- ClearSource devises engagement with City personnel to fit the needs and interests of individual participants.
- ClearSource communicates regularly with the City's designated project manager to ensure the study progresses along the expected timeline.

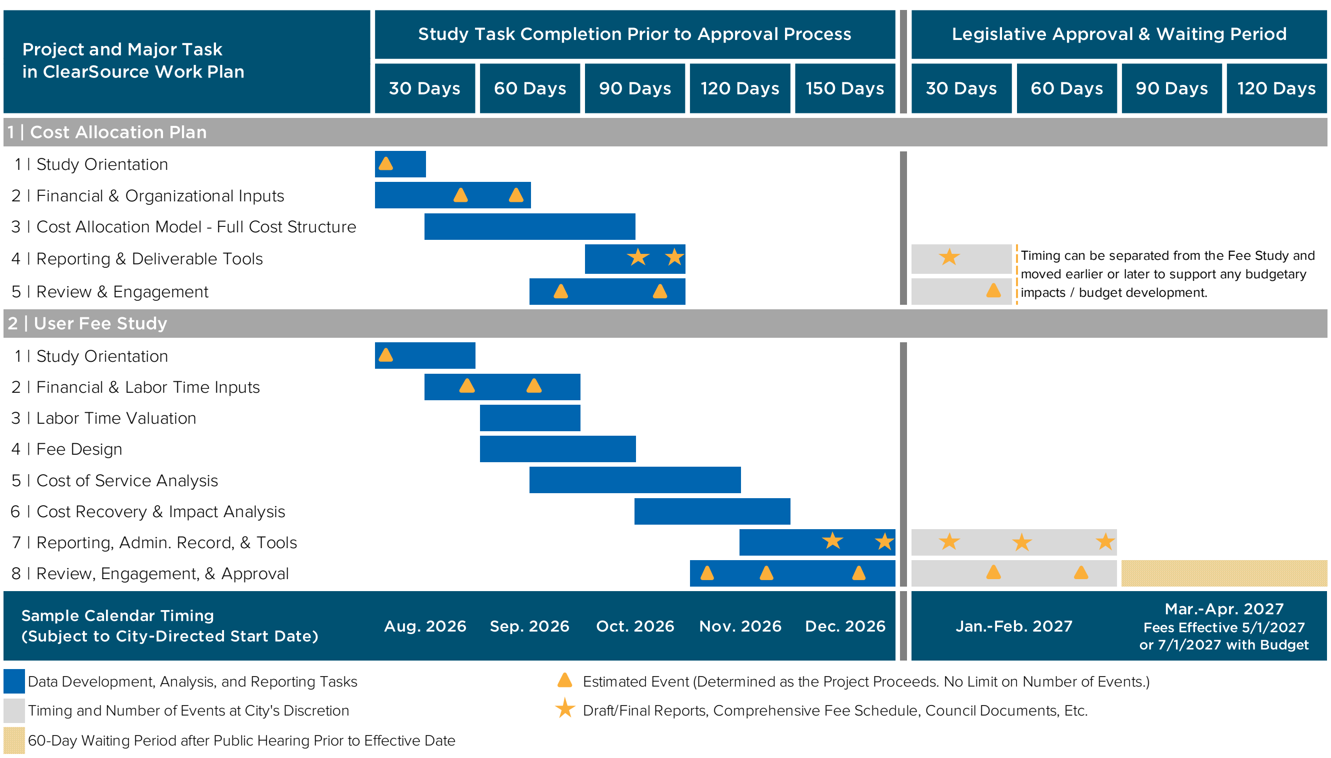
PROJECT SCHEDULE

ClearSource forecasts to **deliver final report documents for the project 150 days from commencement.** These reporting documents will enable presentation, any final edits based on legislative review, and any necessary additional public procedure or stakeholder engagement thereafter along the City's timeline and legislative priorities. The City should plan for an additional 90 to 120 days thereafter before fees become effective.

Exhibit 3 illustrates a timeline for consulting task completion, delivery of reports, and subsequent approval procedures. As a sample timeline, **if efforts begin in August 2026, all reports will be ready by the end of December 2026**.

After that date, outcomes can then inform the City's subsequent year budget development and the legislative review and approval process necessary for implementing revised fees. Upon completion of a public hearing scheduled according to the City's agenda at the time, approved user fees can become effective 60 days later. Under the calendar dates ClearSource proposes, the Consolidated Fee Schedule would potentially be implemented in the middle of the fiscal year, possibly by May 1, 2027, depending on Council agenda scheduling or in line with the start of the next fiscal year on July 1, 2027.

EXHIBIT 3 | STUDY TIMELINE BY CLEARSOURCE PROJECT ELEMENT AND WORK PLAN TASK



CLEARSOURCE REFERENCES

ClearSource submits the following references for cost of service consulting for **communities of similar region**, public service array, and/or scope of services to the City of Grass Valley.

City of Auburn, California

COMPREHENSIVE FEE STUDY FOR DEVELOPMENT SERVICES

Original Contract: 2023-2024

Jonathan Wright, Community & Economic Development Director

Phone: 530.823.4211 x144

Email: jwright@auburn.ca.gov

Cost of service analysis, cost recovery strategy, and consolidated fee schedule for building and planning services.

Team members: Madsen, Schroeder

City of Roseville, California

CITYWIDE USER/REGULATORY FEE STUDIES, INTERNAL SERVICE FUND RATE STUDIES, AND SPECIAL COST OF SERVICE CONSULTING

Original Contract: 2015 | Recent Services: 2025

Jeannine Thrash, Management Analyst - Finance

Phone: 916.774.5473

Email: JThrash@roseville.ca.us

Citywide Consolidated Fee Schedule, including: building, planning, public works, and administration, and special district fees for service. Fees for service have been analyzed for the following functions: administration, revenue, and finance; utility customer service and billing; planning, engineering, and building; encroachment and trench cut; impact fee deferrals and housing; non-rate electric and environment utilities; fire and life safety, emergency medical, police, and animal licensing; special events, permitting, facilities use, and parks and recreation; CFD maintenance; and rates for direct labor charges. ClearSource has also conducted internal service fund rate studies, development fee comparative benchmarking, and special cost allocation.

Team members: Madsen, Schroeder, Hahn

City of Lincoln, California

CITYWIDE USER FEE STUDY & OVERHEAD COST ALLOCATION PLAN

Original Contract: 2019 | Recent Services: 2025

Nita Wracker, Finance Director

Phone: 916.434.2400

Email: Nita.Wracker@lincolnca.gov

Full cost allocation plan and cost of service analysis supporting the Citywide master fee schedule for services including: building, planning, engineering, public services, code enforcement, special events, fire prevention, police, library, airport, administration, business licensing, facility rentals, park/field use, aquatics, and hourly billing.

Team members: Madsen, Schroeder, Hahn

City of Folsom, California

DEVELOPMENT PROCESSING FEE STUDY

Original Contract: 2023-2024

Josh Kinkade, Senior Planner

Phone: 916-461-6209

Email: jkinkade@folsom.ca.us

Cost of service analysis, cost recovery framework, and consolidated fee schedule for planning, development engineering, and building divisions.

Team members: Madsen, Schroeder

SECTION 5
EXCEPTIONS AND ADDITIONS

ClearSource does not propose any exceptions, alterations, or additions to the City's Scope of Services for a Comprehensive Fee Study and Overhead Cost Allocation Analysis, nor to other requirements of this Request for Proposals (RFP), including the standard Professional Service Agreement enclosed with the RFP.

PROJECT BUDGET

Maximum Price

TOTAL COST | ClearSource has developed the work plan and schedule described earlier and designed to deliver a successful Comprehensive Fee Study and Overhead Cost Allocation Analysis in Fisal Year 2026-2027 to the City of Grass Valley. To complete both efforts, **ClearSource proposes a total maximum cost for this contract at $41,820**.

COST BY ELEMENT | This maximum consulting fee is distributed to each element of the overall project as summarized in **Exhibit 4**.

EXHIBIT 4 | MAXIMUM CONSULTING FEE BY PROJECT ELEMENT

Project Elements	Labor Hours	Maximum Fee
1 I Cost Allocation Plan	60	$ 12,300
2 I User Fee Study	144	$ 29,520
ALL ELEMENTS NOT TO EXCEED	**204**	**$ 41,820**

NOT-TO-EXCEED FEE | ClearSource commits to finishing the project as described in our work plan without change orders. This is our standard practice. **We do not request contract amendments for additional meetings, extra analytical scenarios, or any extended work to aid City staff or Council consideration.** These are *normal* occurrences in these types of studies and part of the standard effort required to usher study findings to successful conclusion. Our proposed price is set to accomplish the work thoroughly without upward risk to the City.

CONSULTING COST BY PARTICIPANT | The City has requested pricing for the User Fee Study to be identified by participating department. **Exhibit 5** presents an estimated allocation of study tasks following the departmental groupings directed by the Request for Proposal. It is important to note that there are substantial elements of the project that are fixed efforts, such as financial data analysis, documentation, and approval process. Should a department's fee schedule be excluded from this study, those fixed elements would need to be redistributed to the remaining departments participating in the study.

EXHIBIT 5 | CONSULTING FEE BY PARTICIPATING DEPARTMENT

Project Element Allocated to Benefitting Department	Consulting Fee
1 | Cost Allocation Plan	
Citywide Departments & Funds	$ 12,300
2 | User Fee Study	
Police	$ 1,771
Fire	$ 3,542
Engineering	$ 5,904
Parks & Public Works	$ 2,952
Building	$ 7,085
Planning	$ 6,790
Finance & Administration	$ 1,476
GRAND TOTAL NOT TO EXCEED [a]	**$ 41,820**

[a] The values above represent an allocation. Elimination of a participating department from the project may result in certain work plan tasks redistributed to remaining participants.

Consulting Fee Detail

CONSULTANT FEE BY TASK | The maximum consulting fee presented here is based on the ClearSource team's years of experience with similarly scoped and scaled California cities in past studies: careful review of the City of Grass Valley's existing potential fee categories for study, service provisions, organizational structure, and apparent financial performance, noting the breadth of City services that will fall under review in this effort. Our proposal ensures that all user/regulatory fees and indirect cost recovery eligible for the prescribed methodologies can be analyzed without shortcuts or explanations for non-analysis and that the process is carried through to successful implementation of feasible outcomes.

Exhibit 6 on Page 6-3 illustrates the detail behind our presented maximum price for the Comprehensive Fee Study and Overhead Cost Allocation Analysis. This includes our estimated consultant labor time paired with hourly billing rates by task described in the ClearSource work plan.

PROFESSIONAL RATES | The proposed consulting fee presented is based on assumed time to complete the scope of services and the hourly billing rates for ClearSource consultants. The schedule of hourly billing rates for all positions contemplated in this project is as follows:

- Rates published through June 30, 2027, and fixed for services described in the ClearSource work plan for FY 2026-2027:
  - Project Manager: $205 per hour
  - Principal Consultant: $205 per hour
  - Senior Consultant: $205 per hour

DIRECT EXPENSES | ClearSource does not bill clients for ordinary direct expenses, such as travel and document production. All costs incurred by ClearSource to complete the City's project as currently scoped are embedded in our professional rates. The City's project does not contemplate and include extraordinary expenses such as mailing or polling as part of the consultant's required deliverables; therefore, no cost above the billed time of our professionals is proposed in our consulting fee.

Rates for Additional Services

Should the City seek an amendment to the contract to add consulting services it did not contemplate in its original scope of services as of this submittal date, ClearSource will estimate an additional consulting fee using the professional rates listed above, subject to change after June 30, 2027, for any added services.

As emphasized earlier, **ClearSource will not request contract amendments to compensation to handle normal fluctuations in the scope of services** already defined, such as unplanned meetings, scenarios, or elongated review processes. An example of a situation when "added services" would apply is adding to the contract an update of the Citywide Fee Schedule in a subsequent fiscal year after the comprehensive study is complete.

Manner of Payment

ClearSource will issue monthly progress reports to the City. Accompanying monthly invoices will be based on progress recorded to the project following the major tasks described in the work plan. We will not invoice for tasks not yet completed, and we will not submit a final invoice for the study until work is completed. Total invoices issued over the course the study will not exceed the maximum price presented here.

EXHIBIT 6 | CONSULTANT TIME AND FEE BY PROJECT ELEMENT AND TASK

Project Element and Major Task	ClearSource Labor				Total Project	
	Project Manager	Principal Advisor	Senior Consultant	Senior Consultant	Labor Hours	Consulting Fee
	Madsen	Brown	Hahn	Schroeder		
Professional Hourly Rates, Fixed for Defined Scope:	$205	$205	$205	$205		
1 | Cost Allocation Plan						
1 | Study Orientation	1	0	2	1	4	$ 820
2 | Financial & Organizational Inputs	0	0	8	6	14	$ 2,870
3 | Cost Allocation Model - Full Cost Structure	0	1	15	8	24	$ 4,920
4 | Reporting & Deliverable Tools	1	1	6	2	10	$ 2,050
5 | Review & Engagement	1	1	6	0	8	$ 1,640
Subtotal for Single Element	3	3	37	17	60	$ 12,300
2 | User Fee Study						
1 | Study Orientation	3	1	0	2	6	$ 1,230
2 | Financial & Labor Time Inputs	5	1	0	8	14	$ 2,870
3 | Labor Time Valuation	2	0	0	8	10	$ 2,050
4 | Fee Design	8	0	2	6	16	$ 3,280
5 | Cost of Service Analysis	12	2	0	22	36	$ 7,380
6 | Cost Recovery & Impact Analysis	10	2	2	16	30	$ 6,150
7 | Reporting, Admin. Record, & Tools	6	2	0	8	16	$ 3,280
8 | Review, Engagement, & Approval	10	2	0	4	16	$ 3,280
Subtotal for Single Element	56	10	4	74	144	$ 29,520
GRAND TOTAL NOT TO EXCEED	**59**	**13**	**41**	**91**	**204**	**$ 41,820**