

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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May 12, 2021

To: LAFCo Commissioners

From: Martha Poyatos, Executive Officer
Rob Bartoli, Management Analyst

Subject: Consideration of authorization of contract with the consulting firm, Berkson Associates in association with Policy Consulting Associates LLC, for preparation of a Municipal Service Review and Sphere of Influence Update for the City of East Palo Alto, East Palo Alto Sanitary District, and West Bay Sanitary District

Recommendation

Adopt a Resolution Authorizing the Executive Officer to execute a contract with Berkson Associates in association with Policy Consulting Associates to prepare the Municipal Service Review and Sphere of Influence Update for the City of East Palo Alto, East Palo Alto Sanitary District, and West Bay Sanitary District the term May 19, 2021 through March 31, 2022 in an amount not to exceed \$129,475 upon receipt of the corresponding funds from developers.

Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that every five years, as necessary, LAFCo review and update the sphere of influence (SOI) of each local agency. In conjunction with the SOI update, LAFCo must prepare a municipal service review (MSR) to determine the range and adequacy of the governmental services provided. As previously reported to the Commission in October 2020 and January 2021, the request for this MSR was initiated by developers and residents of the City of East Palo in response to their inability to obtain sewer connections for pending development projects in the City of East Palo Alto. The Commission authorized the LAFCo Executive Officer to move forward with a Request for Proposals (RFP) for this MSR with two conditions.

First, the Commission directed that preparation of the MSR be conditioned upon the developers funding the costs of staff time to prepare the request for proposals and the cost of a consultant prepared MSR. Second, the developers, the City of East Palo Alto and EPASD should pursue mediation and an agreement on the capital improvement cost methodology and

COMMISSIONERS: WARREN SLOCUM, CHAIR, COUNTY ▪ MIKE O'NEILL, VICE CHAIR, CITY ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY
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ALTERNATES: KATI MARTIN, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: MARTHA POYATOS, EXECUTIVE OFFICER ▪ TIM FOX, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST ▪ ANGELA MONTES, CLERK

issuance of will serve letters to City approved projects before issuing a request for proposals and awarding a consulting contract. As noted in both the October and January staff memos, both of these conditions have been met. Previous correspondence illustrated the lack of an agreement between the City, EPASD, and developers on fair share costs for capital projects. Representatives from Sobrato, MidPen Housing/EPACANDO and the Emerson Collective have confirmed their commitment to fund the RFP and the MSR. Please see attached letter from Tim Steele of The Sobrato Organization. The letter details the support for the MSR and the conformation of funding from developers for this consultant prepared study. Mr. Steele identifies the following projects that currently proposed for development within the City and EPASD:

- 965 Weeks Street, Affordable Housing project, Weeks Street, Entitlement approved
- JobTrain, Job training center, Pulgas Ave, Entitlement Pending
- Ravenswood Health Clinic expansion, Pulgas Ave, Entitlement Pending
- EPA Waterfront (Emerson Collective), Pulgas Ave, Entitlement Pending
- Harvest Development, Mixed Use, Bay Road, Entitlement Pending
- Bay 2020, Office/Mixed Use, Bay Road, Entitlement Pending
- University Circle expansion, Office, University and Woodland, Entitlement Pending
- University Plaza Phase II, Office and Community Flex Space, University and Donohoe, Entitlement approved
- Sand Hill Properties, Woodland Park Communities, Multifamily, Manhattan Ave, Entitlement Pending

Recruitment Process

On February 19, 2021 LAFCo released an RFP for the Municipal Service Review and Sphere of Influence Update for the City of East Palo Alto, East Palo Alto Sanitary District, and West Bay Sanitary District. The RFP was posted on the San Mateo County Public Purchase website, San Mateo LAFCo website, and CALAFCO website. At the close of the proposal submittal deadline, proposals were submitted by the following four firms:

- RSG Inc.
- Harvey M. Rose Associates, LLC
- Raftelis Financial Consultants, Inc.
- Berkson Associates in association with Policy Consulting Associates, LLC

The proposals vary in terms of approach, number of team members, and timelines with costs of \$75,090, \$93,050, \$98,224, and \$129,475 respectively.

Following review of the proposals and Zoom interviews with two of the firms, staff concluded that Berkson Associates in association with Policy Consulting Associates, LLC would provide the most comprehensive municipal service review.

Consultant Background

Richard Berkson of Berkson Consulting has over 35 years of experience assisting LAFCO's and other agencies with fiscal and services analysis, planning, and forecasting. He has prepared numerous MSRs and special studies for a range of agencies, including cities, water and sewer agencies. Berkson Consulting authorized the 2015 San Mateo County Harbor District MSR and is currently working on a study of the Burlingame Hills Sewer Maintenance District for the San Mateo County Department of Public Works.

Jennifer Stephenson and Oxana Wolfson of Policy Consulting Associates LLC (PCA), have authored nearly 500 Municipal Service Reviews for every possible municipal service provided by California public agencies across the State. PCA's LAFCO experience covers the spectrum of government structure options, including incorporation, annexation, detachment, consolidation, functional consolidation, and dissolution. PCA also provides staff support services to seven LAFCOs, fulfills the duties of the Deputy Executive Officer for three LAFCOs, and serves as Executive Officer for Plumas LAFCO.

Budget Impact

The contract totals a not-to-exceed amount of \$129,475. As noted previously, representatives from Sobrato, MidPen Housing/EPACANDO and the Emerson Collective have confirmed their commitment to fund the MSR. Therefore, the consultant contract for the MSR will have no impact on the LAFCo budget 1/3 apportionment for LAFCo member agencies.

The attached resolution authorizes the Executive Officer to execute the contract and to modify the scope of the contract as necessary as long as the modifications do not increase the "not-to-exceed" amount of the contract.

Recommended Commission Action by Resolution

By resolution, authorize the Executive Officer to execute a contract with Berkson Associates in association with Policy Consulting Associates, LLC, to prepare the Municipal Service Review and Sphere of Influence Update for the City of East Palo Alto, East Palo Alto Sanitary District, and West Bay Sanitary District the term May 19, 2021 through March 31, 2022 in an amount not-to-exceed \$129,475 upon receipt of the corresponding funds from developers.

Attachments

A. Proposal from Berkson Associates in association with Policy Consulting Associates, LLC

B. Letter from Tim Steele, The Sobrato Organization

cc: Duane Bay, EPA CAN DO

Lillian Lew-Hailer, MidPen Housing Corp.

Tamsen Plume and Kevin J. Ashe, Holland & Knight LLP

Jaime M. Fontes, City of East Palo Alto

Akintunde A. Okupe, East Palo Alto Sanitary District

Sergio Ramirez, West Bay Sanitary District

Tim Steele, The Sobrato Organization

Lorenzo Brooks, Emerson Collective



PROPOSAL

SAN MATEO LAFCO MUNICIPAL SERVICE REVIEW FOR:

THE CITY OF EAST PALO ALTO
EAST PALO ALTO SANITARY DISTRICT
WEST BAY SANITARY DISTRICT

SOLICITATION #LAFCo 2021-001

PREPARED BY BERKSON ASSOCIATES
IN ASSOCIATION WITH POLICY CONSULTING ASSOCIATES, LLC
MARCH 12, 2021



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(1) COVER LETTER

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Rob Bartoli
San Mateo LAFCo
455 County Center, 2nd Floor
Redwood City, CA 94063
sent electronically via PublicPurchase.com

March 12, 2021

Dear Mr. Bartoli,

I appreciate the opportunity to submit this proposal in response to Solicitation #LAFCo 2021-001 to prepare Municipal Services Reviews (MSRs) for the City of East Palo Alto, East Palo Alto Sanitary District, and the West Bay Sanitary District. A cost proposal is provided under separate cover.

Berkson Associates is collaborating with Policy Consulting Associates (PCA) in this submission. Berkson Associates and PCA bring extensive experience preparing award-winning MSRs combined with particular expertise evaluating wastewater districts services and facilities, financial analyses of infrastructure and operations funding, and governance options.

The Berkson Associates/PCA proposal provides an efficient approach to produce effective documents for decision-making by LAFCO, affected agencies, and the public. The MSRs will focus on key issues facing the community and provide a basis for a path forward. The reports will provide well-documented, concise analysis in a highly readable format. This approach facilitates collaboration towards improved services.

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

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

Respectfully,

A handwritten signature in black ink that reads 'Richard Berkson'.

Richard Berkson, Principal
BERKSON ASSOCIATES
34 Terrace Ave.
San Anselmo, CA 94960
(510) 612-6906
Richard@BerksonAssociates.com

(2) AUTHORIZED CONTACT

Richard Berkson, Principal

Berkson Associates

34 Terrace Avenue

San Anselmo, CA 94960

Richard@BerksonAssociates.com

(510) 612-6906

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ATTACHMENT A Berkson Associates Resumé

ATTACHMENT B PCA Resumés

(4) EXCEPTIONS TO THE SOLICITATION

The proposed Scope of Work contained herein and the corresponding budget assume that two LAFCO hearings will be required; the RFP indicated one hearing. Alternatively, if only one hearing is necessary an additional meeting, not otherwise scoped, could be accommodated if desired.

(5) PROJECT APPROACH & SCOPE OF WORK

UNDERSTANDING OF THE PROJECT

At its January 20, 2021 meeting, the San Mateo LAFCO Commission directed staff to issue a Request for Proposals for a Municipal Service Review for East Palo Alto Sanitary District (EPASD), West Bay Sanitary District, and City of East Palo Alto. The MSR was requested by developers and residents of the City of East Palo in response to their inability to obtain sewer connections from EPASD for pending development projects in the City.

The EPASD system is near capacity and unable to serve significant new development without major expansion. EPASD indicates that it does not have the financial ability to fund expansion, nor the willingness to burden existing ratepayers with expansion costs. The District asserts that 95 percent of its pipes are in good condition, and spends about \$1 million to \$1.5 million annually to replace sections of pipe as needed based on annual video surveys. The District does not have a replacement schedule for its pipes. The annual replacements are funded by ratepayer revenues. Connection charges, which are based on the current system and do not include future expansion, are insufficient to fund expansion according to the District.

The MSR will allow the Commission, members of the public, and government agencies a more complete picture of the level of service provided by the City and the two special districts and potential paths to address service capacity, efficiencies and governance alternatives. The MSR will help the City and EPASD establish a viable plan to serve current and planned development necessary for the economic viability of both entities and facilitate the creation of affordable housing.

The MSR is not intended to provide engineering analysis; rather, it will provide industry “best practices” and examples of approaches to financing, consistent with requirements of State law and prudent public management, to fund needed services and infrastructure. The MSR will help establish a factual foundation for LAFCO, the public, and government agencies to collaborate effectively.

APPROACH TO THE PROJECT

Our recommended data collection process involves first reviewing the information collected available from LAFCO, previous MSRs and other documents, archival material, and maps, as well as online information about the agencies including financial and planning documents and State data regarding service issues. Depending on the level of available information, our next step will be to field additional questionnaires with tailored requests for documents not available online and with follow-up questions about contract service provision, growth projections, major service-related issues, governance structure

options and agency spheres of influence or other potential LAFCO actions, and additional questions aimed at addressing the required seven MSR evaluation categories including financial evaluation specific to infrastructure replacement and expansion, and treatment plant capacity.

After reviewing the agencies' responses and available documents, PCA and BA Team will conduct additional outreach to the agencies to ensure that all of the agencies' needs and concerns are heard and understood. At the same time, we will gather additional missing information not found in reviewed materials, fill in missing data/information gaps from the previous efforts, and follow up on current issues and regulatory changes. There are a number of indicators that we have found that are not typically available in public documents or in central data sources. For example, Berkson Associates applies fiscal indicators, or "FISCALometer", to gauge financial adequacy and flag areas of concern influencing future agency sustainability and the ability to finance additional capacity.

We have found, for several reasons, this collaborative approach to be more efficient than submitting multiple formal written questionnaires to the agencies. First, public documents already contain required information. Second, some agencies, owing to staff availability constraints, have difficulty providing information in a timely manner, particularly where long questionnaires are used. Third, this approach helps to identify key issues at an early stage of MSR preparation, enabling a more thorough evaluation.

Upon completing data collection, agency specific chapters are prepared and sent to the respective agencies for review to ensure accuracy of the information prior to releasing the report for public review. This is important in order to avoid propagating erroneous information and to resolve comments and concerns before the public review process, to the extent possible. An administrative draft will then be created and sent to LAFCO staff for review, and upon incorporation of staff feedback a public review draft will be produced.

PCA and BA are committed to ensuring that there is continuous stakeholder involvement and input throughout the process. LAFCO, agency and public participation is integral to ensuring an accurate and robust document that is useful not only to LAFCO but also to the agencies under review and their constituents.

MAJOR WORK ELEMENTS

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

TASK 1: PROJECT INITIATION

BERKSON ASSOCIATES will schedule a kick-off meeting with the Client to occur within approximately two to three weeks of receiving written authorization to proceed. The meeting will include affected agency representatives and other stakeholders, at the direction of the Client.

The purpose of the meeting is to review and discuss:

- Scope of Work and timeline
- Issues, concerns and objectives
- Available information and documents (including prior incorporation materials), sources, and key contacts
- Future meetings, workshops, presentations and other outreach

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

TASK 2: DATA COLLECTION AND REVIEW

BERKSON ASSOCIATES and PCA will review available data from **Task 1** provided by the Client, and conduct additional research as necessary. This research may involve coordination with key agencies and stakeholders (to be coordinated with the Client).

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

After reviewing agency responses and documents, we will reach out to the agencies to gather additional information not found in the submitted or available documents, to clarify various topics and to understand their needs in regard to possible restructuring options.

Key items to be compiled and reviewed include (but are not limited to) the examples shown in the following table.

Item	Description
Financial Documents	Budgets, financial audits, rate and connection fee studies, capital improvement programs, contracts and agreements, pension reports
Planning Documents	General and master plans, strategic plans, asset management plans, development projects/status, EIRs, prior MSRs
Policies	Financial policies, wastewater facility and operating standards, other agency policies
Wastewater Reports	Dry and wet weather low reports, flow forecasts, infiltration analysis, sanitary sewer overflows (SSOs), compliance reports, infrastructure condition assessments

Review of Financing Practices and Options

One of primary objectives of the MSR is to provide a basis for EPASD to move forward with its infrastructure planning, while assuring that its current ratepayers are not burdened with expansion costs attributable to new development projects. Specific tasks include:

- **Review of prior correspondence and engineering reviews** – The BA/PCA Team will compile and review prior analysis and documents relevant to the financing of EPASD infrastructure expansion, and to its relationship with the City and WBSD.
- **Survey of financing “best practices”** – Industry practices and approaches utilized by other, similar agencies will be reviewed for their applicability to EPASD. Rates and expenses will be compared to other agencies in the region.
- **Description of Financing Approaches and Options** – Application of the surveyed examples to EPASD will provide examples of options to fund the separate infrastructure elements (e.g.,

ongoing repair and replacement; opportunity costs of capital; system expansion including treatment plant capacity; transmission line expansion and upgrade to current standards). Financing may include a range of mechanisms such as a capital component of rates for eventual replacement of the existing system; impact fees; assessment district or Mello-Roos CFD financing of expansion; reimbursement agreements to compensate initial developers for oversizing from payments from subsequent developers and from EPASD for replacements already programmed by the District; grants and low-interest loans from State and Federal agencies.

- **Next Steps** – The MSR will make specific recommendations to help resolve the expansion financing issues faced by EPASD including additional planning, consistent with best practices, such as a multi-year pipeline replacement program based on engineering assessments of the current system and likely future flows. In addition to financing steps, the options may include consider governance options to improve the District’s financial planning effectiveness.

The resulting financing programs will be intended as examples based on available information. As noted above, further financial and engineering analysis is likely to be required to refine the specific data, assumptions and calculations. The MSRs will identify and recommend any additional engineering, planning and financial documents that may be necessary.

TASK 3: REPORT PREPARATION

Upon completion of data gathering, an agency chapter will be created and sent to the respective agency for review to ensure accuracy of the information prior to drafting the report findings. Seeking early affirmation from the participating agencies will help reduce potentially contentious comments and avoid surprises when the public review process commences.

Each agency’s chapter will contain a description of the service provider’s background, governance, management structure, planning efforts, shared facilities status and opportunities, disadvantaged unincorporated communities (DUCs), and financial adequacy, as well as an assessment of services provided, including infrastructure and related needs, existing and anticipated capacity of the facilities, issues regarding any agency contractual service arrangements, and findings on the degree of service adequacy according to several indicators. These chapters will also cover governance structure alternatives and other issues and recommendations.

In preparing the agency chapters, we propose to incorporate a variety of meaningful indicators of infrastructure needs and services adequacy, including, but not limited to the State system evaluation, regulation compliance history, wastewater collection system integrity, maintenance practices, treatment effectiveness, supply and demand management, distribution system integrity, ability to

replace infrastructure as necessary, and emergency preparedness, as well as conduct a benchmarking analysis. Special attention will be given to the assessment of current and future capacity of the affected agencies to provide adequate services and the supply and demand projections, given the issue of growth in the area. Indicators of financial sustainability are also an important consideration. All findings will be summarized in the MSR report and determinations. Significant agency shortcomings and lack of adequate technical and planning data and documents will be identified.

Deliverables: Preliminary agency sections for agency review.

TASK 4: ADMINISTRATIVE DRAFT MSR

Following assembling of the agency specific information, PCA and BA will have clarified the key issues requiring focused attention during this MSR effort. The Team, in collaboration with LAFCO staff, will prioritize subsequent detailed investigation and analysis on those issues of paramount concern. Drawing upon our experience reviewing wastewater services, we will analyze adequacy using rich statistical resources respecting the unique conditions under which each service provider operates. In order for the Commissioners, general public, and other stakeholders to understand the variety of services, we propose to include an introductory chapter in the report offering an overview of the overall structure of sewer service provision in the region and a summary of the main issues and recommendations.

Deliverables: Administrative draft for LAFCO staff review (electronic PDF and Word versions), 7 bound reports, 3 unbound reports.

TASK 5: PUBLIC REVIEW DRAFT MSR

Based on comments received from LAFCO on the administrative MSR draft, PCA and BA team will make changes to the document to ensure accuracy and LAFCO satisfaction. Upon completion of the modifications, the Public Review Draft MSR will be finalized for LAFCO release for a public review period.

Deliverables: Public review draft (electronic PDF and Word versions), 7 bound reports, 3 unbound reports. Present the draft MSRs to LAFCO at a public hearing coinciding with a public workshop.

TASK 6: FINAL MSR

After the conclusion of the public review and comment period, our team will address each comment received and make appropriate edits to the MSR. Changes to the document will be tracked and shown in the final draft version of the MSR. After the adoption of the report, BA/PCA will prepare the Final MSR.

Deliverables: Final Draft MSR and Final MSR (electronic PDF and Word versions), 7 bound reports, 3 unbound reports. Attendance at the LAFCO meeting accepting the final MSR.

CONSULTING TEAM MANAGEMENT

Richard Berkson will be the primary contact for project management and administration. Principals of PCA will also be available as needed to assist with issues raised during the course of the Study. The two firms have collaborated on multiple projects and have developed a tightly coordinated workflow and product quality assurance.

PROPOSED TIMELINE

Actual meeting and milestone dates will depend on receipt of written authorization to proceed, and timely response to data requests and document review. The specific timing of meetings and LAFCO hearings may also influence the timeline. This timeline will be refined at the Project's kick-off meeting.

Task 1 Project Initiation	Commence upon receipt of written authorization to proceed (e.g., commence May 1)
Kick-off Meeting	Within 2-3 weeks of Project Initiation
Initial Request for Information (RFI)	Send RFI to agencies by May 31
RFI's returned to consultant	Within 3 weeks after RFI's are received
Task 2 Data Collection and Review	Ongoing
Task 3 Report Preparation	Ongoing
Draft chapters to agencies	Send chapters by August 15, 2021 (2 week review)
Task 4 Administrative Draft MSR	Submit Admin Draft to LAFCO by October 31, 2021
Task 5 Public Review Draft MSR	Release Public Review Draft by January 12, 2022
LAFCO Hearing #1	Hearing on January 19, 2022
Task 6 Final MSR	Revise MSRs and respond to comments by end of February, 2022
	Release Final MSR by March 9, 2022
LAFCO Hearing #2	Hearing on March 16, 2022

PROPOSED BUDGET

A proposed budget has been submitted under separate cover, as requested in the RFP. It is recommended that the Client consider an additional contingency of approximately 15% to provide for any unseen issues that may arise during the course of the Study, or that may be prompted by the analysis and conclusions. This contingency would only be utilized with the written authorization of the Client for specific tasks.

(6) SUPPLEMENTARY DOCUMENTS

QUALIFICATIONS

BERKSON ASSOCIATES QUALIFICATIONS

BERKSON ASSOCIATES (BA) specializes in fiscal and feasibility analysis, city, county and special district budget forecasting and impact analysis. Richard Berkson has worked closely with LAFCOs, cities and districts for over 35 years to evaluate organizational effectiveness and service delivery options.

Mr. Berkson has extensive experience preparing incorporation feasibility analysis, and reviewing operations and organizational options for cities and various types of special districts. His resume is included in ATTACHMENT A.

Mr. Berkson, previously a founding principal of Economic and Planning Systems, now serves as owner and principal of BERKSON ASSOCIATES and will have primary responsibility for all project direction, report authoring, analysis, and presentations.

Berkson Associates believes that sound public policies and strategies require careful consideration of causality, creative problem solving, and incentive-based solutions. His practice, founded on 35+ years of experience, provides clear and concise fiscal and financial analysis based on a solid understanding of government organization (e.g., formation, annexation, and consolidation), capital improvement policy/programming, and urban economics (demographics, market & financial analysis).

Presenting and Analyzing Information in an Organized Format

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

Public Input, Presentations, Dissemination and Response to Public Input

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

POLICY CONSULTING ASSOCIATES' QUALIFICATIONS

Policy Consulting Associates offers excellent credentials. The principals, consisting of Jennifer Stephenson and Oxana Wolfson, have advanced degrees in related disciplines, high-level skills in economics and planning, as well as experience working for many California agencies and 29 LAFCOs around the State. Their resumes are included in ATTACHMENT B.

Policy Consulting Associates prepares interdisciplinary research studies, performance evaluations, as well as financial, regional, and long-term plans for a variety of public agencies in California. The firm was developed on the cornerstone of providing clear, concise, and cost-effective analysis for the public sector to better leverage limited financing. Together, Ms. Wolfson and Ms. Stephenson, offer a rich history of research and analytic experience having over 30 years of combined LAFCO involvement. PCA has authored nearly 500 Municipal Service Reviews for every possible municipal service provided by California public agencies, including backbone services such as fire, water, and wastewater, but also rare and unique services like cemetery, homelessness, vector control, and harbor services to name just a few. PCA's LAFCO experience also covers the spectrum of government structure options, including incorporation, annexation, detachment, consolidation, functional consolidation, and dissolution. PCA conducts applied research on performance, financing, growth, and optimal boundaries of government agencies that help policymakers make well-informed policy decisions. PCA also provides staff support services to seven LAFCOs, fulfills the duties of the Deputy Executive Officer for Sutter, Lassen, and Modoc LAFCOs, and serves as Executive Officer for Plumas LAFCo.

Presenting and Analyzing Information in an Organized Format

PCA's reports are organized in a format that readily facilitates planning effectiveness. The firm prides itself in producing highly desired multi-agency comparative analysis reviews, which are included in nearly every MSR completed by PCA.

Public Input, Presentations, Dissemination and Response to Public Input

PCA's other distinguished skills include fostering inter-agency communication, significantly minimizing the burden on agencies under review, arbitrating and achieving cooperation on contentious issues, thinking "outside the box," and creating original policy solutions depending on the needs of the community and client agency. This combination of skills and experience is reflected in numerous projects. As part of these projects, PCA has created and maintained project websites, conducted kick-off meetings, facilitated productive stakeholder input meetings, hosted public workshops, and presented informative findings and recommendations at Commission meetings.

ORGANIZATIONAL CAPACITY AND EXPERIENCE

BERKSON ASSOCIATES' ORGANIZATIONAL CAPACITY AND EXPERIENCE

A. Berkson Associates' Capacity

(1) Staff Members – Mr. Berkson will be responsible for overall project management; currently he has the capacity available to prioritize this assignment within the context of other ongoing work.

Mr. Berkson's resume is included in ATTACHMENT A.

(2) Berkson Associates' Licenses – not applicable

(3) Berkson Associates' Subcontractors – Policy Consulting Associates, LLC (PCA) will subcontract to Berkson Associates. PCA will provide assistance with research and preparation of the municipal service reviews.

B. Berkson Associates' Experience

(1) Years of Experience – Mr. Berkson has over 35 years of experience assisting LAFCO's and other agencies with fiscal and services analysis, planning, and forecasting. He has prepared numerous MSRs and special studies for a range of agencies, including cities, water and sewer agencies.

(2) Years of Municipal Service Review Experience – Mr. Berkson has prepared MSRs since the requirement was enacted approximately twenty years ago.

(3) Familiarity with Cortese-Knox-Hertzberg, LAFCOs, and MSRs – Berkson Associates has a thorough knowledge of the Cortese-Knox-Hertzberg Act governing municipal service reviews, reorganizations and other aspects of LAFCO policy and process. Berkson Associates has prepared numerous studies of district formation, annexation, consolidation, detachment and other forms of reorganization over the course of more than thirty-five years. Mr. Berkson has presented to the California Association of LAFCOs on service review and governance topics. Mr. Berkson has worked on projects throughout the State and the Bay Area, including municipal service reviews for cities, water and wastewater providers, fire districts, healthcare districts and recreation districts, among others. He has particular expertise preparing financial analysis of agency operations, including sewer and water districts, and evaluating financing and organizational options.

POLICY CONSULTING ASSOCIATES' ORGANIZATIONAL CAPACITY AND EXPERIENCE

A. PCA's Organizational Capacity

(1) Staff Members – Ms. Stephenson (Principal) will be responsible for managing the day to day operations of PCA's contribution to the project, including project organization, direction, and review of drafted materials; she is available with sufficient time to address the needs of the project through the end of the contract. Ms. Wolfson (Principal) is responsible for spearheading the drafting and analysis of the infrastructure needs and service adequacy sections of the report; she is available to complete the project within the timeline. Ms. Hetland (Research Assistant) is in charge of data collection, organization, and drafting; she will be available as needed for the duration of the project. Resumes for PCA staff are included in ATTACHMENT B.

(2) PCA's Licenses – not applicable

(3) Subcontractors – Policy Consulting Associates, LLC (PCA) will subcontract to Berkson Associates. PCA will provide assistance with research, preparation and presentation of the municipal service reviews.

B. PCA's Experience

(1) Years of Experience – Ms. Stephenson and Ms. Wolfson have a combined work history of approximately 34 years in the public policy sector with local government agencies in California, ranging from special districts and cities to LAFCOs and council of governments.

(2) Years of Municipal Service Review Experience – PCA offers a rich history of research and analytic experience having over 30 years of combined LAFCO involvement, which began with conducting MSRs and SOI updates.

(3) Familiarity with Cortese-Knox-Hertzberg, LAFCOs, and MSRs – PCA's in-depth knowledge of the of the Cortese-Knox-Hertzberg Act has been essential in conducting the wide variety and in-depth LAFCO-related projects completed to date, including MSRs, special studies, and staffing services. PCA has authored nearly 500 Municipal Service Reviews for every possible municipal service provided by California public agencies across the State. PCA's LAFCO experience covers the spectrum of government structure options, including incorporation, annexation, detachment, consolidation, functional consolidation, and dissolution. PCA also provides staff support services to seven LAFCOs, fulfills the duties of the Deputy Executive Officer for three LAFCOs, and serves as Executive Officer for Plumas LAFCO.

REFERENCES

BERKSON ASSOCIATES REFERENCES

Napa County Water/Wastewater Municipal Services Review

Berkson Associates (in conjunction with PCA) recently completed the countywide water and wastewater review of all Napa County agencies. The MSR was a comprehensive review of facilities, services and financing, and included a review of governance options where appropriate.

Contact: Brendon Freeman, Executive Officer, Napa LAFCO

Email: bfreeman@napa.lafco.ca.gov

Phone: 707-259-8645

Public Facilities Finance Plan, Annexation to the City of Stockton

Berkson Associates prepared a Public Facilities Finance Plan (PFFP) for a 1,100 unit master planned community with a retail and multi-family component. The PFFP outlines mechanisms for funding and financing the infrastructure and public facility costs. The PFFP included a comprehensive plan identifying the combination of impact and connection fees, special district funding, and developer construction required to fund all upgrades and new infrastructure required to serve the Project without adversely impacting existing City residents, while assuring the development Project remained financially feasible. Oversizing and associated reimbursements from other future developers benefitting from the infrastructure was identified. The Plan anticipated the City's General Plan Update which would revise connection and impact fees based on updated land use growth and development patterns.

Contact: John Tomasello, MCD-North Stockton, LLC

Email: John@SierraHillsDevelopment.com

Phone: 530-208-8482

City of San Juan Capistrano Focused Municipal Service Review

Mr. Berkson prepared the financial analysis of governance options for a city's utility system on behalf of Orange County LAFCO, reviewing City operations compared to several other potential successor agencies. Mr. Berkson is currently providing LAFCO with technical assistance developing financial indicators of cities and agencies.

Contact: Carolyn Emery, Executive Officer, Orange County LAFCO

Email: cemery@oclafco.org

Phone: 530-208-8482

Financial Feasibility Study for the Formation of the Los Olivos Community Services District

Mr. Berkson prepared a governance options study and financial pro forma for Santa Barbara LAFCO to support the formation of a Community Services District to provide wastewater services to the community of Los Olivos. The project was completed in 2016; residents approved the formation of the CSD and imposition of special tax, and are in the process of preparing detailed plans and obtaining financing for construction and operation of the wastewater system.

Contact: Lisa Palmer, President, Los Olivos Community Services District

Email: lisa@lpalmerconsulting.com

Phone: 805-680-2336

Burlingame Hills Sewer Maintenance District: Operational and Governance Options

Mr. Berkson is completing a governance options study for an unincorporated area served by a Sewer Maintenance District on behalf of the County of San Mateo in coordination with LAFCO. The report evaluates potential options for financing required infrastructure, and possible governance reorganizations in event of annexation to an adjacent city and its sewer system. A draft report was completed, however the project has been delayed due to COVID-19.

Contact: Ann Stillman, Deputy Director, Engineering and Resource Protection, County of San Mateo

Email: astillman@smcgov.org

Phone: 650-599-1497

POLICY CONSULTING ASSOCIATES' REFERENCES

Napa County Water/Wastewater Municipal Services Review

PCA (in conjunction with BA) has recently completed the countywide water and wastewater review of all Napa County agencies. The MSR was a comprehensive review of facilities, services and financing, and included a review of governance options where appropriate.

Contact: Brendon Freeman, Executive Officer

Email: bfreeman@napa.lafco.ca.gov

Phone: 707-259-8645

City of San Juan Capistrano Focused Municipal Service Review

PCA has prepared an infrastructure assessment (part of a focused MSR) for Orange County LAFCO on the City of San Juan Capistrano's utility systems, evaluating alternative agencies that could potentially provide water and wastewater services to City residents. The project was adopted in November 2018 and received a CALAFCO project-of-the year award in 2019.

Contact: Carolyn Emery, Executive Officer

Email: cemery@oclafco.org

Phone: 714-640-5100

Municipal Service Review for the Cities of Agoura Hills, Calabasas, Hidden Hills, and Westlake Village for Los Angeles LAFCO

PCA (in conjunction with BA) recently completed the MSR and SOI Updates for the cities of Agoura Hills, Calabasas, Hidden Hills, and Westlake Village in Los Angeles County. All the municipal services provided by the cities, including fire protection, were reviewed. The review resolved issues related an area where multiple agencies had competing interests and a long history of contention and threatened litigation.

Contact: Paul Novak, Executive Officer

Email: pnovak@lalafco.org

Phone: 626-204-6500

Municipal Service Review and Sphere of Influence Update for the City of Chico

In 2018, PCA completed a comprehensive MSR on the City of Chico and a SOI Update that aligned City planning strategies and LAFCO policies. The project also aided in healing a once strained relationship between the two agencies.

Contact: Brendan Vieg, Chico Deputy Director Community Development

Email: brendan.vieg@Chico.ca.gov

Phone: 530-879-6806

Santa Clara Countywide Water Municipal Service Review

A countywide water MSR was completed for LAFCo of Santa Clara County in conjunction with Baracco and Associates. Policy Consulting Associates acted as the day-to-day project manager and the authors of the special district reviews and SOI recommendations. As part of this review, LAFCo was able to identify certain districts that were failing to comply with State legal requirements and those districts in need of assistance to address aging infrastructure with significant capital needs.

Contact: Neelima Palacherla, Executive Officer

Email: Neelima.Palacherla@ceo.sccgov.org

Phone: 408-993-4705

(7) PRICE PROPOSAL

TABLE 1 submitted separately under separate cover provides a proposed budget for the Project. The budget includes up to 2 LAFCO hearings. In addition, Mr. Berkson and staff of PCA will participate in conference calls to periodically provide updates to LAFCO and agency staff, and to conduct interviews and follow-up with agency staff.

CONTINGENCY

It is recommended that an additional project contingency of fifteen percent above the amounts shown in **TABLE 1** (submitted under separate cover) be reserved to accommodate unanticipated issues that may arise. These funds would only be utilized upon the direction and approval of LAFCO.

ATTACHMENT A – BERKSON RESUMÉ



Richard Berkson

Principal, Berkson Associates

EDUCATION

Master of Public Policy,
University of California,
Berkeley

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

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

AFFILIATIONS

CALAFCO,
Associate Member

PUBLIC SERVICE

Capital Program Monitoring
and Fiscal Advisory
Committees; authored the
Economic Development Plan
for the Town of San Anselmo

HONORS AND AWARDS

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

PRIOR EMPLOYMENT

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



ABOUT

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

EXPERTISE

Government Organization

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

Fiscal and Economic Analysis

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

Public Finance

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

Market and Financial Analysis

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

ATTACHMENT B – PCA RESUMÉS



PCA Personnel Qualifications

JENNIFER STEPHENSON, MPP

Jennifer Stephenson will serve as a project manager and liaison between PCA and the agencies under review. She will meet with agency representatives, perform data analysis, draft MSR chapters, and present findings to the Commission. As Project Manager, Ms. Stephenson will coordinate closely with Berkson Associates.

Ms. Stephenson is a co-founder and Principal of PCA, where she is responsible for regional and municipal research analysis. She has technical expertise in benchmarking, performance evaluation, municipal budgeting, survey design, statistics, and economic modeling. As part of PCA, Jennifer has been involved in review studies for countless LAFCOs, including but not limited to Orange, Santa Clara, Alameda, Placer, and Fresno. She has co-authored incorporation studies, annexation studies, and infrastructure needs assessments. She earned her master's degree in public policy from Pepperdine University, where she was a Forstmann Scholar. Related experience includes:

- Serving as an Executive Officer of Plumas LAFCo.
- Serving as Deputy Executive Officer of Sutter, Lassen, and Modoc LAFCOs, and providing staff support services at seven LAFCOs.
- Author and/or project manager of over 250 municipal service reviews and other studies, all completed punctually, within budget, and with complete client satisfaction.
- Operating a successful business with an outstanding reputation for over 10 years, overcoming a period of recession in business start-up phase.
- Served as project manager for the Plumas, Santa Clara, Yolo, Amador, Mendocino, Lassen, Calaveras, and Alameda County special district and city MSRs, which covered water, wastewater, healthcare, law enforcement, and fire services, to name a few.
- CALAFCO University and Conference instructor of *Fiscal Health of Fire Protection Districts*, *Understanding Health Care Districts and the Role of LAFCo*, *Getting to the Nitty Gritty of Consolidation Options*, and *The New Normal- How the Economy is Affecting Service Provision*.
- Primary contributor and project manager of the CALAFCO award-winning Santa Clara Water Municipal Service Review.
- Stephenson assisted with fiscal analysis and analysis of service levels for governance studies conducted of annexation and cityhood in north Los Angeles County and in East Los Angeles.
- Contributed to multi-billion-dollar transportation financial plans for rail systems and goods movement.
- For a regional infrastructure needs assessment for the Southern California Association of Governments (SCAG), Stephenson analyzed transportation, air quality, water quality, open space, and parks in the 187-city SCAG region.
- Assisted with fiscal analysis and budget projections for economic and fiscal studies for the City of Beverly Hills.



PCA Personnel Qualifications

OXANA WOLFSON, MPP

Oxana Wolfson will be responsible for day-to-day internal coordination of the consulting team members. She will oversee data accumulation, review internal drafts, and tactically guide the development of the project as a whole. As an internal project manager, Ms. Wolfson will provide project finance management and ensure that the project adheres to established timelines.

Ms. Wolfson is a co-founder and principal of PCA, where she specializes in service benchmarking analysis, economic and growth analysis, and data collection coordination. She has technical expertise in data discovery, regulatory agency research, review of agency documents, qualitative and quantitative analysis, comparative analysis, government structure options evaluation, and policy solutions. She has completed service reviews for agencies in over 20 California counties and contributed to regional infrastructure finance studies. Oxana earned her Master's degree in Public Policy from Pepperdine University where she was a Forstmann Scholar. She received her B.A. summa cum laude from University of Nebraska. Related experience includes:

- Operating a successful business with an outstanding reputation for over 10 years, overcoming a period of recession in business start-up phase.
- Serving as a co-author and co-project manager for the Napa Water and Wastewater MSR. Co-authoring and managing the Riverside County Healthcare MSR.
- Co-authored and served as a project manager for Calaveras County Fire MSR, Solano County Fire MSR, Solano County

RCD MSR, Placer Fire MSR, and City of Chico MSR.

- Co-authored MSRs for Alameda, Amador, Calaveras, Fresno, Lassen, Contra Costa, Colusa, Plumas, Mendocino, Santa Clara, Yuba, Plumas, Mendocino, Santa Clara, San Joaquin, Yuba, Yolo.
- Co-authored the award-winning Santa Clara Water MSR and Orange County San Juan Capistrano MSR.
- Instructor and moderator at CALAFCO University and staff workshops
- Co-authored a service evaluation and infrastructure needs assessment project on emergency services covering the entirety of Southern California for the Southern California Association of Governments.
- Coordinated databases for the regional infrastructure needs assessment project covering 187 cities and a multitude of special districts.
- Conducted analysis of the financial impact of defined benefit pension plans on municipalities.
- Served as an executive director to a Los Angeles-based nonprofit organization.
- Assisted with HIV/AIDS Finance and Cost Effectiveness Study at the Results for Development Institute in Washington, DC.
- Consulted for the Civil Society team at the World Bank on policy sessions at the 2008 Annual Meetings.
- Participated in campaign strategizing and voter response evaluation in California election campaigns.



PCA Personnel Qualifications

JILL HETLAND

Jill Hetland will provide daily operational and administrative support throughout the project. She will also assist by performing research, data collection, and contributing as a co-author and editor of the Municipal Service Review.

Ms. Hetland joins PCA with an extensive background in corporate communications and marketing. She has served as a copywriter and marketing consultant, in both for-profit and non-profit sectors, with an emphasis on content strategy, web design, records management, and financial stewardship. Ms. Hetland graduated from the University of Iowa with a B.A. in Communication and Media Studies. Related experience includes:

- Supplemental staff services for Plumas LAFCO.
- Served as a co-author of the Las Virgenes Municipal Service Review covering the cities of Agoura Hills, Calabasas, Hidden Hills, and Westlake Village for Los Angeles LAFCO.
- Primary author of the Feather River Resource Conservation District Municipal Service Review.
- Spearheading data collection and data management for the City of Oroville Municipal Service Review, as well as facilitating communications as lead project liaison.
- Lead Research Assistant and co-author for the Riverside Healthcare Municipal Service Review.
- Editor and format manager for the Napa Water and Wastewater Municipal Service Review.
- Served as the primary research assistant and records manager for a 16,000 sq. ft. national archive facility
- Website manager for all projects as well as the forthcoming site design and rebrand for PCA.
- Managed website, all social media posts, blogs, and copy editing for a lifestyle brand with more than one million subscribers.
- Authored website content for an established retailer that saw a 353% overall revenue increase and a \$25 return per \$1 spent on ad copy.
- Designed and authored all web content for a small business that resulted in a 90% increase in organic traffic in the first month and 50% more engagement amongst users.
- Hired as a writer/editor from the top 1% of applicants for a five-star rated, digital marketing firm and Google Partner.



May 12, 2021

Martha Poyatos, Executive Officer
San Mateo LAFCo
455 County Center, 2nd Floor
Redwood City, CA 94063

RE: Municipal Services Review Reimbursement

Dear Martha,

As discussed, I have indicated to you that the entitled and pending development projects (Projects) in East Palo Alto have agreed to reimburse SMLAFCo for the upcoming Municipal Service Review (MSR) of the East Palo Alto Sanitary District, City of East Palo Alto and West Bay Sanitary District. It is our understanding that you have conducted a Request for Proposals (RFP) to identify the appropriate consultant to perform the study and are recommending staff's preferred respondent as Berkson Associates. We understand their proposal is for \$129,475. Assuming, on May 19th that the Commission supports staff's recommendation, I will be the lead party responsible for collecting and conveying this reimbursement amount to SMLAFCo and will plan on submitting this payment within two weeks of the Commission hearing.

All of the Projects within the City of East Palo Alto are participating in this reimbursement and listed below for reference:

- 965 Weeks Street, Affordable Housing project, on Weeks Street, Entitlement approved
- JobTrain, Job Training Center, on Pulgas Ave, Entitlement pending
- Ravenswood Family Health Center, Expansion of the adjacent clinic, on Pulgas Ave, Entitlement pending
- EPA Waterfront (Emerson Collective), Mixed Use project, on Pulgas Ave, Entitlement pending
- Harvest Development, Office/Mixed Use project, on Bay Road, Entitlement pending
- Bay 2020, Office/Mixed Use project, on Bay Road, Entitlement pending
- University Circle Expansion, Office, on University and Woodland Ave, Entitlement pending
- University Plaza Phase II, Office/Community Flex space, on University Ave, Entitlement approved
- Sand Hill Properties, Woodland Park Communities, Multifamily, on Manhattan Ave, Entitlement pending

May 12, 2021

Page 2

Please let us know if you need any additional information. We look forward to the MSR process moving forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Steele", is positioned above a light gray rectangular background.

Tim Steele
Senior Vice President, Real Estate Development

Cc: Mayor Carlos Romero, City of East Palo Alto
Jaime Fuentes, City Manager, City of East Palo Alto
Patrick Heisinger, Assistant City Manager, East Palo Alto
965 Weeks Ave
JobTrain
Ravenswood Family Health Center
Emerson Collective
Harvest Development
Bay 2020
University Circle
University Plaza Phase II
Woodland Park Communities