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April 29, 2019

Vince Sproete
Division Chief-Fire Prevention Manager
City of Vallejo
555 Santa Clara St., 2nd Floor
Vallejo, CA 94590

Re: Proposal for an Update to the 2014 Cost of Service Analysis

Dear Vince Sproete:

Thank you for reaching out regarding an update to the work we did together in 2014, titled, "*Cost Analysis for Fire Protection Services Provided by the City of Vallejo to the East Vallejo Fire Protection District*". The goal of that effort was to:

- ✓ Evaluate the total costs of fire protection services provided by the Vallejo Fire Department to the District, including: Fire Inspection, Weed Abatement, Pre-fire Planning Administration, Complaint Handling, Fire Prevention, Fire Training and Public Education, Fire Suppression, and Emergency Medical Services.
- ✓ Review the historically applied weighted cost sharing formula shown in the agreement between the City and the District
- ✓ Calculate the total cost of services for the City's Fire Department, and update the District's allocated share based on the existing formula
- ✓ Evaluate the overall cost recovery performance of payments received from the District
- ✓ Recommend options for alternative cost sharing formulas and revenue tools to help recover costs associated with providing services to the District

We understand the City would like to update the analysis performed in 2014, and pursue an alternate cost sharing formula, based on a "per capita" basis. The following provides a summary of our proposed work plan, staffing, and professional fees for this project.

WORK PLAN

TASK 1. INITIATE PROJECT

Acquire published or accessible data from the City, to include the most recent adopted budget, last year of actual financial performance (revenues and expenditures), current labor cost detail and classifications, and other items of a more global nature. Conduct one onsite or remotely conducted project

commencement meeting to discuss expectations and an overview of the process, timeline for project completion, general data needs, established policies and procedures, etc.

TASK 2. ANNUAL COST ANALYSIS

NBS will perform an annual cost analysis of the Fire Department, as follows

- Interview Fire Department staff to determine reasonable estimates of annual time spent on primary services
- Review line-item level expenditures to determine the estimated, reasonable, and total cost of providing services
- Include all direct, indirect, support, and overhead costs that can be reasonably identified within the City's accounting structure and internally-maintained analyses such as a cost allocation plan¹
- Transfer data into the NBS cost allocation model to incorporate all financial and allocation estimate information retrieved
- Review a draft of the cost analysis outcomes with Department management in PDF format

TASK 3. REVISE COST SHARING FORMULA

Calculate the costs of providing services on a "per capita" basis. Collect, review, organize and analyze data on existing service population in the Fire Department's service area, and compile it in a form useful for this study. This step requires consideration and definition of the Department's existing service area to be used in the analysis, and development of service population estimates based on available population data, or a combination of population and land use assumptions.

TASK 4. COMPLETE COST SHARING ANALYSIS

Establish the full cost of service and the cost of service per capita. The full cost of service defined by NBS serves as the analytically-justified maximum amount that may be recovered through a cost sharing agreement with the District. Compare resulting per capita cost calculation to the existing cost sharing formula. Prepare a draft report in memorandum format, not to exceed 10 pages in length, describing the approach and findings of the project. Conduct one round of review events by teleconference, revise and finalize the report.

TASK 5. IMPLEMENTATION ASSISTANCE

If requested, NBS will support the City's process of reviewing and explaining outcomes with the District. NBS can be available to provide presentations, in-person consultation, or remote interaction, as needed.

PROJECT TIMELINE

We suggest a 60 to 90 day timeline for this engagement. This is a reasonable timeline allowing for quality data submittals from City staff amongst competing priorities. If the project requires shorter timeline, NBS can accommodate such a request. Upon project initiation, NBS will provide a detailed project schedule for mutual review and acceptance by the City's project manager.

¹ NBS will rely on information as provided by the City. Proposed scope of work does not include completion of a Citywide Cost Allocation Plan

PROFESSIONAL STAFF

The following provides an overview of NBS professional staff that would be assigned to this project. Full-length resumes for the key project team staff are available upon request.

NICOLE KISSAM, DIRECTOR

Nicole Kissam will manage the ongoing administration of the project, and will work closely with the City's designated project manager to monitor the schedule and delivery of work products to satisfaction. She will also provide project management and/or senior-level technical analysis as warranted. As Director of NBS' Financial Consulting Group, Nicole has an extensive 15-year background in public sector consulting, city government, corporate management, marketing and public relations.

KEVIN GARDNER AND NICOLE HUERTA, CONSULTANTS

Under the direction of the project manager, NBS Consultants support projects as needed with the completion of key aspects of the project's Task Plan, including but not limited to, organizational interviews, fee model development, data collection, timeline management, draft reviews, and documentation efforts. All NBS Consultants have a minimum Bachelors-level degree and between three to five years of professional work experience with NBS or in a related field.

LAUREN GUIDO, FINANCIAL ANALYST

Lauren Guido will support the project manager with large-scale data analysis and validation. She will design and implement cost allocation and rate models, and prepare technical outcomes for the project. She will also facilitate data collection and reminders for City staff in order to keep projects moving along the agreed upon timeline for completion. All NBS Financial Analysts have a minimum Bachelors-level degree and between one and three years of professional work experience with NBS or in a related field.

TIM SEUFERT, CLIENT SERVICES DIRECTOR

Tim Seufert will ensure NBS' study team delivers the high quality work products and service standards that differentiate NBS from other firms. Tim is Managing Director with NBS, with 20+ years of experience in public finance working for cities, counties, and special districts.

PROFESSIONAL FEES

Our fees are based on our understanding of the City's needs and the effort we believe is necessary to complete the scope of services/task plan described. We express this honestly and transparently through our price proposal. For all tasks noted in our Proposed Work Plan, NBS suggests an initial project budget cap of \$13,000 for this engagement, billed on a "time and materials" basis. Our project budget assumes that NBS will only bill for hours and expense up to the amount incurred on the project on a monthly basis. We believe this will provide maximum flexibility for the City in determining the level of consulting effort required to develop the Study's results.

NBS applies the following hourly rates to derive project pricing and monthly billings for requested scopes of service. These hourly rates will apply for the duration of our contract with the City, and are inclusive of all costs for expenses such as printing, travel, etc.

- Director, \$205 per hour
- Consultant, \$140 per hour
- Analyst, \$120 per hour

TERMS

At no time will we invoice for charges in excess of the fee to which the City and NBS mutually agree. Should the City specifically request additional services beyond those described in this document, we will discuss those requests and associated costs at that later time and only invoice for additional fees upon separate written authorization from the City. NBS proposes to invoice the City on a monthly basis, following recorded consultant time on the project, paralleling our completion of the work. If payment is not received within 90 days, simple interest will begin to accrue at the rate of 1.5% per month. Either party can cancel contracts with 30 day's written notice.

We deeply value our relationship built with the City's Fire Department over the years and appreciate the opportunity to potentially return and update our prior work product. Please feel free to reach out to me at any time if with questions about our proposal or about preparation of a professional services agreement.

Sincerely,



Nicole Kissam
Director, NBS