

November 27, 2020

Mike Lima
Finance Director/Controller
City of Fresno
2600 Fresno Street,
Fresno, CA 93721

Subject: EPS Scope of Work and Budget for Technical Support Related
to the Fresno City-County Property Tax Sharing Agreement;
EPS #181118

On behalf of Economic & Planning Systems, Inc. (EPS), I am pleased to submit this Work Program (**Attachment A**) to support the City of Fresno's (City) negotiation with Fresno County (County) related to an update of the property tax sharing agreement. This engagement will build on our prior work with the City on this topic, including preparation of a June, 2020 report entitled "*Fresno Analysis of City and County Service Costs and Tax Sharing*".

We understand the primary purpose of the EPS work is to prepare a memorandum addressing issues identified in David Taussig and Associates' (DTA) November 17, 2020 Fiscal Impact Report completed on behalf of the County. Additional optional tasks include the identification of case studies showing the mutual benefit an appropriate property tax sharing scheme would confer to the City and the County, as well as on-call technical support should the City wish EPS to assist with on-going County negotiations.

EPS is very excited about the continued collaboration with the City to help meet its fiscal and policy objectives. As the leader of the EPS team, I am personally committed to the success of this engagement. I will participate in a hands-on manner and be available meetings with City staff. Feel free to contact me directly if you have any questions about the enclosed Scope and budget estimate. I can be reached at 510-841-9190 or by e-mail at jmoody@epsys.com.

Sincerely,

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The Economics of Land Use



Attachment A

EPS Work Program

Technical Support for Fresno City / County Property Tax Sharing Agreement

This Work Program provides a Scope of Work and budget estimate that Economic & Planning Systems (EPS) proposes to undertake to support the City of Fresno as it seeks to update its property tax sharing agreement with Fresno County. The work will build on the EPS Report entitled *Analysis of City and County Service Costs and Tax Sharing* prepared for the City in June, 2020, as well as similar work for other California municipalities.

Scope of Work

Task 1: Memorandum Addressing the DTA Fiscal Impact Report

EPS will review the methodology and assumptions contained in the Fiscal Impact Report completed on November 17th, 2020 by David Taussig and Associates (DTA) on behalf of Fresno County. Based on this review, EPS will prepare a memorandum outlining critical issues or questions pertaining to the negotiation of the property tax sharing agreement. The analysis will focus on areas where the DTA methodology or calculations are unclear or potentially flawed. EPS may also suggest alternative methodologies, as appropriate.

We understand the City is seeking to provide comments to the County on the DTA Report by the end of 2020. Accordingly, EPS will seek to complete a draft memorandum with ample time to address one round of internal City comments prior to submittal to the County.

Task 2: Case Studies (Optional)

EPS will evaluate the net change in property tax revenues to both the City and County for two case studies involving recent annexations. While the exact case studies will be identified in consultation with City staff, we expect that would include (1) a predominantly residential and (2) a predominantly commercial or industrial development. The goal of the case studies will be to demonstrate how and under what circumstances an equitable tax sharing agreement might be in the financial best interest of both jurisdictions relative to a “no development” scenario.

Task 3: On-Call Technical Support (Optional)

EPS will be available to assist the City in addressing any questions or comments from the County on its response to the DTA Report. Similarly, EPS will assist the City in evaluating any additional claims or calculations provided by the County or its consultants related to a tax sharing agreement. The exact scope and budget for this task will be determined based on the nature of the County’s reaction to the City’s response.

Budget Estimate

Table 1 presents the EPS budget estimate for Task 1. The **\$10,230** budget estimate represents our best estimate and is proposed as not-to-exceed without prior authorization. Should the City wish to engage with EPS on the optional tasks, these tasks will be billed on a time-and-materials

basis at our standard hourly rates and / or pursuant to a budget amendment agreed to in advance of work, as necessary.

Charges for EPS time are based on the amount of time actually spent. Direct expenses for travel, materials and supplies, telecommunication, copying, and other project related items are billed at cost. Invoices are submitted monthly and are payable upon receipt. If requested, EPS is willing to refine the scope of work, as appropriate, to better meet Client resources.

Table 1: EPS Budget Estimate

| Description | Moody Managing Principal | Cranor Senior Associate | Production / Support | Total EPS |
|----------------------------|--------------------------------|-------------------------------|-------------------------|-----------------|
| Task 1: Data Update | 13 | 30 | 2 | \$10,230 |
| Billing Rates | \$300 | \$205 | \$90 | |
| TOTAL PROJECT COSTS | | | | \$10,230 |