



March 18, 2024

Jay Bradford
Assistant Community Development Director
Town of Los Altos Hills
26379 Fremont Road
Los Altos Hills, CA 94022

Dear Mr. Bradford:

The Matrix Consulting Group appreciates the opportunity to continue working with the Town of Los Altos Hills through an update of their Cost Allocation Plan and User Fee studies. In 2018 the Town contracted with Matrix Consulting Group to develop an Overhead cost Allocation Plan and conduct a Comprehensive User Fee Study. In alignment with best practices, the Town would like to update these studies to ensure current staffing, costs, and services are identified and appropriately recovered. The following sections provide an outline of the services to be performed, schedule of work, and a fixed-price quote.

Scope of Services

The following subsections provide a task outline for each scope of service.

Cost Allocation Plan

An update of the Town's cost allocation plan will ensure that organizational changes, impacts to services and service levels associated with changes in staffing levels, technology, and state and federal regulations are accurately accounted for. An update of the Town's Cost Allocation Plan would include the following:

- **Compare Plan Structure to Current Town Operations and Organization:** The project team would review the existing structure of the City's Cost Allocation Plan, including services being provided and allocation metrics being used. Interviews with Town staff would be conducted to determine if new services should be included, or if previous services have been eliminated, or shifted within the organization.

- **Data Collection and Analysis:** Based on information used in the previous plan, as well as information gathered in discussions with current Town staff, the project team will provide the City with a list of data to be collected and reviewed for use in the Cost Allocation Plan.
- **Review of Draft Results:** The project team will work with Town staff to review draft results of cost allocation plan and provide information and documentation for any major changes resulting from the new plan.
- **Presentation of Results:** Once a final plan has been developed, the project team will work with Town staff to develop presentation materials for key stakeholders and Town Council.

Updating the Town's Cost Allocation Plan will provide the Town with an accurate picture of the services being provided and the costs associated with various funds, departments, and programs. The results of this study will culminate in three key deliverables:

1. **Detailed Report** – This report will provide the Town with a structured narrative detailing the departments and services identified as overhead, which services were determined as allocable, and the metrics used to allocate costs. This report will provide the full analytical detail for each allocation.
2. **Summary Memo** – A detailed report is often hundreds of pages long, and as such a summary document will be developed that outlines the reasoning for the plan, the results of the plan, and how the results can be implemented.
3. **Backup Documentation** – All files used in the development of the plan will be provided to the Town. This will include modified reports provided by the Town, as well as other information collected or developed for use in the plan.

These deliverables will provide the Town with necessary documentation for the plan results, as well as allow the Town to explain the process and outcomes of the study to stakeholders and the public alike.

User Fee Study

The two primary purposes of a User Fee Study are to ensure compliance with local and state laws (Prop 218 and 26) and ensure cost recovery levels are in line with current council directives. An update of the Town's User Fee Study would include the following services:

- **Review Current Fees and Service Levels:** The project team will work with Town staff to understand the services currently being provided and modify fee schedules

and structures to best reflect those services. Additionally, the project team will work to ensure that all possible fees are being charged, including review of existing and historical resolutions and ordinances.

- **Determine Time Estimates:** The project team will work with Town staff to revise or develop new time estimates associated with current and proposed permits or fees.
- **Review Draft Results:** The project team will review draft results with Town staff to ensure understanding and provide a final process by which assumptions can be modified or updated.
- **Presentation of Results:** Once results have been finalized the project team will work with Town staff to develop presentations to key stakeholders and the Town Council.

This study will focus on ensuring that changes in staffing, technology, processes, and Town codes and ordinances are accurately reflected in the full cost of providing services and provide key decision makers with the tools necessary to make decisions regarding potential fee increases. The results of this study will culminate in two key deliverables:

1. **Final Report** – The final report will summarize the results of the study including methodology and approach and per unit and annual revenue impacts for each department.
2. **Detailed Documentation** – Under separate cover from the final report, the project team will provide the Town with the detailed documentation used to develop study results, including time estimates, or other staffing or material assumptions.

The deliverables associated with this study will allow Town decision makers to determine how and where to best achieve cost recovery and ensure that the public is easily able to understand how results were derived.

Proposed Project Schedule

Engagements of this nature typically takes five (5) months to complete. The following table shows by month the associated activities with the project:

Month	Activities
Month 1	Data Collection Initial Cost Allocation Interviews Initial Fee Study Interviews Start Collecting Allocation Metrics
Month 2	Time Estimate Interviews Develop Fee Models Develop Draft Cost Allocation Results Collect Annual Workload Draft Cost Allocation Report
Month 3	Finish Collecting Time Estimates Draft Fee Results Review Final Cost Allocation Report
Month 4	Draft Fee Study Report Finalize Fee Study Results
Month 5	Final Fee Study Report Presentation to Finance Committee / Council

This schedule is tentative and can be modified as needed in accordance with the Town's schedule and timeline.

Project Pricing

Matrix Consulting Group is committed to updating the Town's Cost Allocation Plan and User Fee studies as outlined in our task plans for a fixed price of \$31,000. The following table breakouts out the price for each study.

Study	Fixed Price
Cost Allocation Plan	\$6,000
User Fee Study	\$25,000
Total	\$31,000

Along with the development of each study, the Town is also interested in Excel-based models that would allow for internal updates of each study. These models can be provided at any time after project completion. There are separate models for the Cost Allocation Plan and User Fee studies. Delivery of each model includes a user guide and staff training. Each model can be provided for a flat fee of **\$3,000**.

Our typical practice is to bill for hours worked monthly, with our contracts set up as fixed price. We are open to billing on a task or deliverable basis as well.



We appreciate the opportunity to continue to provide services to the Town of Los Altos Hills. Should you have any questions regarding this quote please feel free to contact me at cramos@matrixcg.net or via phone at 650-858-0507. Thank you.

Courtney Ramos

Senior Vice President

Matrix Consulting Group, Ltd.