



July 17, 2025

Via Electronic Mail

Felice Lopez, Director of Finance
Finance Department
CITY OF HAWTHORNE
4455 West 126th Street
Hawthorne, CA 90250

**SCOPE OF SERVICES AND FEE PROPOSAL
LONG TERM FISCAL MODEL**

Dear Ms. Lopez:

Thank you for your request for this scope of services to prepare for the City of Hawthorne a long-term fiscal model of the City's General Fund. Should you decide to proceed with our work plan, we anticipate over a 90-120 period we would prepare a model in collaboration with staff and present our findings to the City Council in late 2025. The city would receive a digital (Excel) workbook as well as a brief narrative summarizing our assumptions, methodology and findings.

About RSG

RSG, Inc. is a California-based, Subchapter "S" Corporation. Founded in 1979, the firm is managed by active Principals Jim Simon and Tara Matthews and has a staff of 28 employees. RSG's corporate mailing / accounting address is 170 Eucalyptus Ave., Suite 200, Vista, CA 92084 and phone number is 714.541.4585. We have three hubs in California, including the Vista location as well as Los Angeles and Oakland, where we collaborate periodically as a team to accommodate the needs of our clients and growing firm.

RSG is a creatively charged consultant to California public agencies. We collaborate with the people responsible for creating vibrant places to accomplish their goals. The inspired leaders at RSG create stronger communities capable of achieving bolder futures by bringing more than four decades of native knowledge to each engagement. As diverse as the agencies we work with, our services span real estate, economic development, fiscal health, and housing initiatives.

For this assignment, our consultant team would be led by Jim Simon, Principal, and Brandon Fender, Senior Associate, who would oversee this engagement. RSG may assign support staff as needed to complete the assignment. Resumes and qualifications of our firm are omitted from this letter for the sake of brevity, but available on our website at www.rsgsolutions.com.

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SCOPE OF SERVICES

TASK 1: KICKOFF MEETING

RSG will familiarize ourselves with the current fiscal condition of the City by reviewing the current annual budget and most recent Annual Consolidated Financial Report and prepare an agenda for a virtual kickoff with the City's preferred team. During the kickoff meeting, we will discuss the desired outcomes for the work, the resources the City is able to share to assist with this effort, and the duration of the forecast (up to 25 years).

Following the meeting, RSG will transmit a set of actions and agreements and any refinements to the project schedule.

TASK 2: CREATION OF FISCAL MODEL

RSG will provide the Director of Finance or their designee a request for information, which we expect will include an Excel file of the City's Trial Balance report for the General Fund, other detailed transaction files, and key agreements that may be pertinent to our forecast. We may also request other information of the City, and anticipate some limited back and forth with the Finance Department to clarify information we collect.

Upon receipt of requested accounting records (in Excel format), RSG will commend creation of an Excel workbook for a base year of the forecast, anticipated to be FY 2025-26, a development forecast based on known projects in the City's planning pipeline, and create a long range forecast of up to 25 years. RSG will create input assumptions initially that can be modified after consultation with the City in Task 3 below.

TASK 3: MODEL REFINEMENT WITH CITY STAFF

This task involves conducting up to two virtual check in meetings with the Finance Department to discuss assumptions driving the forecast. RSG will aim to collaborate with City staff on appropriate and reasonable estimates for revenues and expenditures based on recent trends identified by City staff, future development pipeline, and other factors. RSG will then refine the model and draft a brief summary of our inputs, assumptions, methodology and findings and develop illustrations and summaries to augment decision makers at the City understanding of the conclusions. RSG will transmit our Excel file along with the supporting narrative to the City.

TASK 4: PRESENTATION TO CITY COUNCIL

RSG will be prepared to present the long term fiscal plan to the City Council later this fall after staff review is complete. We have included one, in-person meeting in our scope of services.

FEE ESTIMATE

RSG is proposing to bill for these services on a time-and-materials basis, not-to-exceed \$29,870. Our budget worksheet accompanies this letter.

RSG would charge for these services based on our hourly rate schedule:

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Principal	\$ 305
Director	\$ 295
Senior Associate	\$ 250
Associate	\$ 205
Senior Analyst	\$ 185
Analyst	\$ 170
Research Assistant	\$ 145
Technician	\$ 120
Clerical	\$ 100

RSG does not charge clients for travel or mileage (except direct costs related to field work/surveys), parking, standard telephone/fax expenses, general postage, or incidental copies. However, we do charge for messenger services, overnight shipping/express mail costs, and teleconferencing services. We also charge for copies of reports, documents, notices, and support material in excess of five copies. These costs are charged back at the actual expense plus a 10% surcharge.

RSG issues monthly invoices payable upon receipt, unless otherwise agreed upon in advance. Invoices identify tasks completed to date, hours expended, and the hourly rate.

Please let me know if you have any questions or refinements to this proposal.

Sincerely,
RSG, Inc.



Jim Simon
President/Principal

	Task Hours & Billing Rate				Total Not to Exceed
	Principal 305	Sr. Assoc 250	Analyst 170	Total Hrs	
Task 1 Kickoff Meeting	3	4	5	12	\$ 2,765
Task 1.1 Collect and review public information pertaining to General Fund (budget, ACFR)	1	2	2	5	1,145
Task 1.2 Conduct virtual kickoff meeting with client, discuss process and desired outcomes	2	2	2	6	1,450
Task 1.3 Route actions and agreements, updated project schedule	-	-	1	1	170
Task 2 Creation of Fiscal Model	-	13	72	85	\$ 15,490
Task 2.1 Provide client request for information (trial balance in Excel format, agreements)	-	1	4	5	930
Task 2.2 Coordination with client to clarify data and documents, as necessary	-	2	4	6	1,180
Task 2.3 Create Excel workbook of General Fund revenues and expenditures, FY 2025-26	-	3	30	33	5,850
Task 2.4 Identify major development projects or economic activity that may make material impacts	-	3	14	17	3,130
Task 2.5 Develop assumptions and model 15-25 year forecast	-	4	20	24	4,400
Task 3 Model Refinement with City Staff	5	11	28	44	\$ 9,035
Task 3.1 Conduct up to two virtual meetings to discuss assumptions with City management	3	3	3	9	2,175
Task 3.2 Refine model based on altered assumptions, develop data visualizations and transmit model	-	3	8	11	2,110
Task 3.3 Virtual meeting with staff to discuss draft model inputs, assumptions, methodology, and findings	1	1	1	3	725
Task 3.4 Revise model and formulate briefing document (narrative, graphics) and assemble deliverable	1	4	16	21	4,025
Task 4 Presentation to City Council	4	-	8	12	\$ 2,580
Task 4.1 Prepare presentation to City Council and present findings at public meeting	4	-	8	12	2,580
GRAND TOTAL BUDGET	12	28	113	153	\$ 29,870