

**CITY OF LA HABRA
PROFESSIONAL SERVICES AGREEMENT
WITH
CLEARSOURCE FINANCIAL CONSULTING**

THIS AGREEMENT is made and entered into this 15th day of September, 2025 (“Effective Date”), by and between the CITY OF LA HABRA, a municipal corporation (“City”), and CLEARSOURCE FINANCIAL CONSULTING, a California corporation (“Consultant”).

WITNESSETH:

A. WHEREAS, City proposes to utilize the services of Consultant as an independent contractor to provide a Comprehensive User Fee Study, Cost Allocation Plan, and Indirect Cost Rate Study, as more fully described herein; and

B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code Section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and

C. WHEREAS, City and Consultant desire to contract for the specific services described in Exhibit “A” (the “Project”) and desire to set forth their rights, duties, and liabilities in connection with the services to be performed; and

D. WHEREAS, no official or employee of City has a financial interest, within the provisions of Sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1.0. SERVICES PROVIDED BY CONSULTANT

1.1. Scope of Services. Consultant shall provide the professional services described in Consultant’s Proposal (“Proposal”), attached hereto as Exhibit “A” and incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant’s performance of this Agreement. Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. Officers and employees shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

1.3. Performance to Satisfaction of City. Consultant agrees to perform all the work to the complete satisfaction of the City and within the hereinafter specified. Evaluations of the work will be done by the City Manager or his or her designee. If the quality of work is not satisfactory, City in its discretion has the right to:

- (a) Meet with Consultant to review the quality of the work and resolve the

matters of concern;

- (b) Require Consultant to repeat the work at no additional fee until it is satisfactory; and/or
- (c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State, and local laws and ordinances applicable to the services required under this Agreement. Consultant warrants that it is not suspended or debarred from doing business with the United States government and can legally be paid from federal funds. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

1.5. Non-discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical condition, marital status, sexual gender, or sexual orientation, except as permitted pursuant to Section 12940 of the Government Code. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay, or other forms of compensation and selection for training, including apprenticeship. Consultant agrees to post in conspicuous places, available to employees and applicants for employment, a notice setting forth provisions of this non-discrimination clause.

Consultant shall, in all solicitations and advertisements for employees placed by, or on behalf of Consultant shall state that all qualified applicants will receive consideration for employment without regard to age, race, color, religion, sex, marital status, national origin, or mental or physical disability. Consultant shall cause the paragraphs contained in this Section to be inserted in all subcontracts for any work covered by the Agreement, provided that the foregoing provisions shall not apply to subcontracts for standard commercial supplies or raw materials.

1.6. Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.7. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense. All insurance requirements contained in this Agreement are independently applicable to any and all subcontractors that Consultant may engage during the term of this Agreement.

1.8. Confidentiality. Employees of Consultant in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and

employees of City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon the termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

2.0. COMPENSATION AND BILLING

2.1. Compensation. Consultant shall be paid in accordance with the fee schedule set forth in Exhibit "A". Consultant's total compensation shall not exceed FIFTY-EIGHT THOUSAND, FIVE-HUNDRED DOLLARS (\$58,500), unless authorized herein.

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Consultant's Proposal or which is inconsistent with or in violation of the provisions of this Agreement unless the City or the Project Manager for this Project, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable. Should the City request in writing additional services that increase the hereinabove described "Scope of Services", an additional fee based upon the Consultant's standard hourly rates shall be paid to the Consultant for such additional services. Such increase in additional fees shall be limited to 10% of the total contract sum. The City Manager is authorized to approve a Change Order for such additional services. Where the original contract is \$35,000.00 or less, City Council approval shall be required prior to any increase bringing the total compensation to more than \$35,000.00.

2.3. Method of Billing. Consultant may submit invoices to the City for approval on a progress basis, but no more often than two times a month. Said invoice shall be based on the total of all Consultant's services which have been completed to City's sole satisfaction. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times for a period of three (3) years from the Effective Date.

3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. The professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Said services shall be performed in strict compliance with the Project Schedule approved by City as set forth in Exhibit "A". The Project Schedule may be amended by mutual agreement of the parties. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts

shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party. If a delay beyond the control of the Consultant is encountered, a time extension may be mutually agreed upon in writing by the City and the Consultant. The Consultant shall present documentation satisfactory to the City to substantiate any request for a time extension.

4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of 18 months, ending on March 31, 2027, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending, or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing at least fifteen (15) days prior written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City. If the City suspends, terminates, or abandons a portion of this Agreement such suspension, termination, or abandonment shall not make void or invalidate the remainder of this Agreement.

If the Consultant defaults in the performance of any of the terms or conditions of this Agreement, it shall have ten (10) days after service upon it of written notice of such default in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

The City shall have the right, notwithstanding any other provisions of this Agreement, to terminate this Agreement, at its option and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement, immediately upon service of written notice of termination on the Consultant, if the latter should:

- a. Be adjudged a bankrupt;
- b. Become insolvent or have a receiver of its assets or property appointed because of insolvency;
- c. Make a general assignment for the benefit of creditors;
- d. Default in the performance of any obligation or payment of any indebtedness under this Agreement;
- e. Suffer any judgment against it to remain unsatisfied or unbonded of record for thirty (30) days or longer; or
- f. Institute or suffer to be instituted any procedures for reorganization or rearrangement of its affairs.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including

the date of City's written notice of termination within thirty-five (35) days after service of the notice of termination. Compensation for work in progress shall be prorated based on the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant. City shall not be liable for any claim of lost profits.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development, and construction documents, data studies, drawings, maps, and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Consultant, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant shall be at City's sole risk and without liability or legal expense to Consultant.

5.0. INSURANCE

5.1. Insurance. The Contractor and all subcontractors, if any, shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, insurance as set forth in "Exhibit B" attached hereto and incorporated herein by this reference.

Neither the City nor any of its officers, officials, agents, employees, or volunteers makes any representation that the types of insurance and the limits specified to be carried by Consultant under this Agreement are adequate to protect Consultant. If Consultant believes that any such insurance coverage is insufficient, Consultant shall provide, at its own expense, such additional insurance as Consultant deems adequate.

5.2. Deductible or Self-Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.3. Certificates of Insurance. Consultant shall provide to City certificates of insurance showing the insurance coverages, as well as providing the City with the required endorsements, in a form and content approved by City, prior to performing any services under this Agreement. The certificates of insurance and endorsements shall be attached hereto as "Exhibit C" and incorporated herein by this reference.

5.4. Non-limiting. Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

6.0. GENERAL PROVISIONS

6.1. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over

any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives, and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives, and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement. It shall be the Consultant's responsibility to assure that the Project Manager is kept informed of the progress of the performance of the services and the Consultant shall refer any decision, which must be made by City, to the Project Manager. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Project Manager.

Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement and who shall not be changed by Consultant without the express written approval by the City. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices. Any notices, documents, correspondence, or other communications concerning this Agreement, or the work hereunder may be provided by personal delivery, facsimile or if mailed, shall be addressed as set forth below and placed in a sealed envelope, postage prepaid, and deposited in the United States Postal Service. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery; b) at the time of transmission if such communication is sent by facsimile; and c) 72 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

ClearSource Financial Consulting
7960 B Soquel Drive
Suite 363
Aptos, CA 95003
Tel: (831)288-0608
Attn: Terry Madsen, President

IF TO CITY:

City of La Habra
110 East La Habra Boulevard
La Habra, CA 90631
Tel: (562) 383-4010
Attn: Gabriella Yap,
Assistant City Manager

6.5. Attorneys' Fees. In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.6. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of

laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California. Consultant agrees to submit to the personal jurisdiction of such court in the event of such action.

6.7. Assignment. Consultant shall not voluntarily or by operation of law assign, transfer, sublet, or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting, or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.8. Indemnification and Hold Harmless. Consultant agrees to protect, defend, indemnify, and hold free and harmless the City, its officers, officials, agents, employees, and volunteers, at Consultant's sole expense, from and against any and all claims, liabilities, demands, actions, expenses, damages, suits, or other legal proceedings brought against the City, its officers, officials, agents, employees, and volunteers arising out of or in any way connected with the performance of the Consultant, its employees, and/or authorized subcontractors' work undertaken pursuant to this Agreement including all acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of the Consultant, its employees and/or subcontractors. The defense obligation provided for hereunder shall apply without any advance showing of negligence, recklessness, or willful misconduct by the Consultant, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, recklessness, or willful misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its officers, officials, agents, employees, and volunteers based upon the work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable, and whether or not there is any evidence of fault or wrongdoing by the Consultant, its employees and/or its subcontractors. Notwithstanding the foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect. This indemnification provision is independent of and shall not in any way be limited by the insurance requirements of this Agreement. City approval of the insurance required by this Agreement does not in any way relieve Consultant from liability under this section.

6.9. Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its or employees are in any manner agents or employees of City. Consultant shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Consultant shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the

independent contractor relationship created by this Agreement. Consultant further agrees to indemnify and hold City harmless from any failure of Consultant to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.10. PERS Eligibility Indemnification. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, State, or Federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.11. Cooperation. In the event any claim or action is brought against City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance and cooperation which City might require.

6.12. Ownership of Documents. All findings, reports, documents, information, and data including, but not limited to, computer tapes or discs, preliminary notes, working documents, files, and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City but shall be made available to the City within ten (10) days of request or within ten (10) days of termination. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City any findings, reports, documents, information, data, preliminary notes and working documents, in any form, including but not limited to, computer tapes, discs, files audio tapes, or any other Project related items as requested by City or its authorized representative, at no additional cost to the City. Consultant or Consultant's agents shall execute such documents as may be necessary from time to time to confirm City's ownership of the copyright in such documents.

6.13. Public Records Act Disclosure. Consultant has been advised and is aware that this Agreement and all reports, documents, information, and data, including, but not limited to, computer tapes, discs, or files furnished or prepared by Consultant, or any of its subcontractors, pursuant to this Agreement and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 7920.000 et

seq.). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code Section 7924.510, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.14. Conflict of Interest. Consultant and its officers, employees, associates, and subconsultants, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this agreement, including, but not limited to, the Political Reform Act (Government Code Sections 81000, *et seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant and its officers, employees, associates, and subconsultants shall not, without the prior written approval of the City Representative, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates, or subconsultants to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant's duties and services under this Agreement shall not include preparing or assisting the City with any portion of the City's preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with the City. The City shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this project. Consultant's participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. Consultant shall cooperate with the public entity to ensure that all bidders for a subsequent contract on any subsequent phase of this project, if any, have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by Consultant pursuant to this Agreement.

6.15. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.16. Prohibited Employment. Consultant will not employ any regular employee of City while this Agreement is in effect.

6.17. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, the conflict shall be resolved by giving precedence in the following order, if applicable: This Agreement, the City's Request for Proposals, the Consultant's Proposal.

6.18. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.19. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.20. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.21. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.22. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.23. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.24. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.25. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.26. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF LA HABRA,
A municipal corporation

Jim Sadro, City Manager

Date: _____

ATTEST:

Rhonda J. Barone, CMC, City Clerk
of the City of La Habra

CONSULTANT:

Terry Madsen, President

Date: _____

Bethany Madsen, Secretary

Date: _____

APPROVED AS TO FORM:

Keith F. Collins, City Attorney

Date: _____

DEPARTMENTAL APPROVAL:

Gabriella Yap, Assistant City Manager

Date: _____

EXHIBIT A

CONSULTANT'S PROPOSAL AND SCOPE OF WORK

Comprehensive User Fee Study

Prepare a Comprehensive User Fee Study for the City, which shall include, but are not limited to, the following elements.

- Work and meet with City staff to refine the project scope, purpose, uses and goals of the City's User Fee Study to ensure that the study will be both accurate and appropriate to the City's needs. Conduct interviews with staff as needed to gain an understanding of the City's processes and operations. Review project schedule and answer any questions pertaining to the successful development of the study.
- Conduct a comprehensive review of the City's existing fees. Identify the total cost of providing each City service at the appropriate activity level and in a manner that is consistent with all applicable laws, statutes, rules and regulations governing the collection of fees, rates, and charges by public entities including, but not limited to, Proposition 218.
- Compare service costs with existing recovery levels. This should include any service areas where the City is currently charging for services as well as areas where perhaps the City should charge, in light of the City's practices, or the practices of similar or neighboring cities.
- Recommend potential new fees and charges for services that the City currently provides but does not have any fees and/or charges established. Recommendations should be based on practices by surrounding cities that may charge for similar services, industry best practices, or the consultant's professional opinion.
- Recommend appropriate fees and charges based on the firm's analysis together with the appropriate subsidy percentage for those fees where full cost recovery may be unrealistic. Include restructured fees if more effective or optimal approaches are available
- Prepare a report that identifies each fee service, its full cost, recommended and current cost recovery levels. The report should also identify the direct cost, the indirect cost, and the overhead cost for each service. Include restructured fees if more effective or optimal approaches are available.
- Prepare a report that identifies the present scope performed under the fee, the proposed scope performed under the recommended fees, percentage change, cost recovery percentage, revenue impact and fee comparison with other Orange County cities. A survey comparison of rates and fees with similar cities is for information only.
- Report on other matters that come to the Consultant's attention in the course of the evaluation that, in the Consultant's professional opinion, the City should consider.

- Provide a computer-based model for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in costs. The requirements of the model should allow for:
 - a) Additions, revisions, or removal of direct and overhead costs so that the overhead cost allocation plan can be easily adapted to a range of activities, both simple and complex.
 - b) The ability of the City to continuously update the model and overhead cost allocation plan from year to year as the organization changes.
 - c) The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (i.e. ad-hoc analysis).
- Prepare and deliver presentations to the City's management group and City Council to facilitate their understanding of the plan and its implications for the City and make necessary adjustments as requested.
- Provide on-site training to enable staff to update fees on an annual basis.
- Prepare a final fee study report and provide five bound copies, one unbound copy, and a single Microsoft Word and PDF file of the User Fee Study that can be made available to City staff. Models, tables and graphs should be provided in Microsoft Excel as deemed appropriate Any Master Fee Schedule revisions developed shall also be made available to the City in Microsoft Word and PDF format, providing the ability to add or delete and/or update information as needed.
- Consult with City staff should it become necessary to defend the City's User Fees as a result of any legal or other challenge.

Cost Allocation Plan

Prepare the City's Overhead Cost Allocation Plan, which may include, but are not limited to, the following elements.

- Work and meet with City staff to refine the project scope, purpose, uses and goals of the City's Cost Allocation Plan to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedule and answer any questions pertaining to the successful development of the study.
- Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations.
- Identify the total cost of providing each City service at the appropriate activity level and in a manner that is consistent with all applicable laws, statutes, rules and regulations governing the collection of fees, rates, and charges by public entities.

- Determine the appropriate General and Administrative overhead allocations to City activities and applicable overhead rates for use in calculating the City's Billable Hourly rates. The requirements of the model should allow for:
 - a) Additions, revisions, or removal of direct and overhead costs so that the overhead cost allocation plan can be easily adapted to a range of activities, both simple and complex.
 - b) The ability of the City to continuously update the model and overhead cost allocation plan from year to year as the organization changes.
 - c) The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (i.e. ad-hoc analysis).
- Report on other matters that come to Consultant's attention in the course of Consultant's evaluation that in Consultant's professional opinion the City should consider.
- Present the plan to the City's management group and make necessary adjustments as requested.

If called upon to do so, prepare and deliver presentations to the Council to facilitate their understanding of the plan and its implications to the City.

- Provide the City with an electronic copy of the final comprehensive review, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in cost.
- Prepare a final report and provide five bound copies, one unbound copy, and a single Microsoft Word and PDF file of the Overhead Cost Recovery Plan that can be made available to City staff. Models, tables and graphs should be provided in Microsoft Excel as deemed appropriate. Any Cost Allocation Model revisions developed shall also be made available to the City in Microsoft Word and PDF formats, providing the ability to add, delete and/or update information as needed.
- Provide a computer-based model for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in costs.
- Consult with City staff should the need arise to defend the cost allocation plan as a result of audits or other challenges.
- Update the plan annually and maintain accurate records of all correspondence, work papers, and other relative evidence during the contract period of five years.

If the consultant feels that additional tasks are warranted in the Fee Study or the Cost Allocation Plan, they must be clearly identified in the consultant's proposal.

The successful respondent shall be required to retain all working papers and related supporting

documents, including records of professional time spent, for a period of five years after delivery of the required reports, unless notified in writing by the City of the need to extend the retention period. The Consultant further agrees to allow City staff to review such documents upon written request at any time during the retention period.

**CITY OF
LA HABRA**

MAY 19, 2025

PROPOSAL TO PERFORM CONSULTING SERVICES

**COMPREHENSIVE USER FEE STUDY
AND COST ALLOCATION PLAN AND
INDIRECT COST RATE STUDY**



ClearSource Financial Consulting

7960 B Soquel Drive, Suite 363
Aptos, California 95003

TERRY MADSEN | PRESIDENT
tmadsen@clearsourcefinancial.com
831.288.0608

TABLE OF CONTENTS

PROPOSAL CONTENTS

Organizing Information

Cover Page	Cover
Table of Contents	Current Page
Executive Summary	ES-1

Proposal Content

A Company and General Information / Transmittal Letter.....	A-1
B Qualifications and Experience of the Firm	B-1
C Qualifications and Experience of Proposed Project Team	C-1
D Response to the Scope of Services	D-1
E Fees.....	E-1
F Form of Contract	F-1
G References	G-1
H Implementation Schedule.....	H-1
I Certificate of Insurance	I-1

Additional Content Submitted Separately

Consulting Fee Proposal	Separate Document
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EXECUTIVE SUMMARY

CITY OF LA HABRA PROJECT

The City of La Habra is engaging a consultant to provide a **Comprehensive Fee Study and Cost Allocation Plan Services in Fiscal Year 2025-2026**. This type of project is focused on the ethic of “the costs to serve” as the essential justification for fees and other specific forms of cost recovery in California to be enacted through action by the local governing body. Broadly speaking, the cost of service-based fee study answers:

- ➔ What are the costs of indirect services supporting direct service provision to the community which may be reasonably recovered across various available mechanisms, including fees and other charges/direct billing? (This is the chief purpose of the **Overhead Cost Allocation Plan and Indirect Cost Rate** elements of the project.)
- ➔ What are the full costs – direct and indirect – of outward-facing services provided to the community, which currently have or may be eligible for a user or regulatory fee? (This begins the series of steps within the **User Fee Study** element of the project.)
- ➔ What are the cost recovery targets or policies of the agency as to the amounts that should be paid for those who request or cause these services under review?
- ➔ What structure of fee ensures a reasonable relationship between a fee amount paid and the underlying costs to serve?
- ➔ What is the impact to the source funds of changes to user/regulatory fees?

CLEARSOURCE TEAM

We introduce the City of La Habra to **ClearSource Financial Consulting** for performance of this project. We are a Santa Cruz County, California-based boutique consulting firm intentionally sized and structured to focus on a **highly tailored, high quality study experience** for our clients. We look forward to the chance to serve the leaders, staff, and constituents of the City, beginning a long-term relationship akin to those we have similar cities across California as their valued resource.

Formed in 2011 after our previous years at competing practices in this field, ClearSource is staffed by a four-person team of only seasoned professionals with decades of combined experience in local government financial analysis. We are particularly focused on equitable forms of cost recovery within the challenges and constraints of the ever-evolving California statutory and legal environment, informed respectfully and strategically by the voter driven principles embedded in Propositions 218 and 26.

Above even our **experience and effectiveness with over 60 California municipalities** is our energy and enthusiasm: We routinely dive deep into fee structures, **willing to do the heavy lifting to implement change**, particularly in aligning the way costs are recovered with the way the work is performed, rather than sustaining out of date methods for a quick and easy revenue answer.

We will always **talk with you in a collaborative manner to address known or discovered issues**, when our industry experience shows us that many others will try to talk you out of it. We do all of this with the added bonus of acknowledging our responsibilities to the City: We **deliver our results on time, within budget**, and without change orders to complete our scope of work.

EXECUTIVE SUMMARY

CLEARSOURCE PRINCIPLES

ClearSource follows several guiding principles as we approach this subject matter for our clients:

- Create user/regulatory fees, indirect cost rates/charges, and associated practices that are understandable, implementable, and maintainable.
- Care about the details. Documentation matters. Communication with internal and external stakeholders matters.
- Identify estimated reasonable costs of service and use this information to set a coordinated and mutually consistent system of fees, internal charges, and associated policies.
- Balance the additional effort required for ongoing administration and maintenance when attempting to achieve a greater degree of accuracy.
- Consider legality, existing systems, resource capacity, and staff and community preferences when determining the best course of action.

CLEARSOURCE SOLUTIONS

ClearSource expects to spend 300 hours across a 150-day timeframe performing service for the City of La Habra, preparing it for a subsequent period of public review and legislative approval, and ushering outcomes to an effective date of July 1, 2026, if not earlier depending on the City's desired commencement and effective date. Our efforts across all elements of the study will focus in the following key areas:

Development and Documentation of Critical Inputs

- Remodeled Fee Structures and Service Categories (as merited)
- Financial Foundation for the Costs of Service: revenues, personnel costs and organization, operating costs, and allocated administration/central services
- Annual Service Time

- Individual Unit Service Time
- Volume of Applications, Permits, and Service Population (as feasible)

Development and Documentation of Quantitative Analysis

- Cost Allocation Plan: full cost iteration for internal uses, such as interfund charges for service and indirect cost rates for direct billing scenarios and, potentially, a federal iteration for indirect cost rates applicable to federally funded programs
- Fully Burdened Hourly Rates: by division and by staffing classification
- Activity Costs of Service: by individual fee-related service, by broad service category, and/or by functional program
- Cost Recovery Policy: how much of the costs of service should be recovered by a fee?
- Regional Fee Comparison: does the market influence the City's decision-making?
- Comprehensive Fee Schedule for the 2026-27 fiscal year (or earlier), including tools for annual updates
- Projected Revenue Impacts

Engagement and Approval

- Departmental Interaction: project orientation, data development, and interim review points
- Stakeholder Interaction (as necessary)
- City Council (and committee/commission) Interaction: presentation of findings and public hearing
- Project Owner Interaction: training for future upkeep of project outcomes and delivered tools

Deliverable Tools

- Reporting: draft report, summary presentation, staff report, and final report
- Tools: indirect cost allocation model(s), fully-burdened hourly rate models, activity costs of service models, comprehensive fee schedule, and reporting



May 16, 2025

CITY OF LA HABRA | FINANCE DEPARTMENT

Attention: Melvin Shannon
110 East La Habra Boulevard
La Habra, California 90631

PROPOSAL: COMPREHENSIVE USER FEE STUDY AND COST ALLOCATION PLAN AND INDIRECT COST RATE STUDY

To Melvin Shannon and Other Members of the Proposal Evaluation Team:

Thank you for the opportunity to provide cost of service and fee consulting for the City of La Habra. **ClearSource Financial Consulting** is well-qualified, available in the City’s expected timeframe, and fully resourced to complete the scope of work envisioned by the City. We bring an **open mind for change** and exhibit the **energy to do the heavy lifting it takes for a fresh look** on the wide-ranging cost recovery topics. We commit to the City of La Habra to provide premier service, on time, and within budget:

PREMIER SERVICE	ON TIME	WITHIN BUDGET
<p>We routinely demonstrate care about the details and the rightful influence of local conditions. We do the hard work to achieve modern and meaningful outcomes that reflect the way our clients serve their communities today.</p>	<p>We know time is of the essence in this work: a key determination of success and satisfaction for many of our city clients. All project reporting will be ready 150 days from project start, ready then for a thoughtful pace for approval.</p>	<p>We will finish the scope of services without change orders, which is our standard practice. We do not ask our clients to bear the risk in estimating what it takes to do this work thoroughly and with successful enactment.</p>

I founded ClearSource Financial Consulting in 2011 to focus on these principles in service solely to California public agencies. As President, I am authorized to negotiate and bind ClearSource contractually and have read and understand the City’s terms stated in its RFP and addenda. My signature obligates ClearSource to the commitments in this proposal and confirms it shall remain valid for a period of 90 calendar days from submittal. My contact information is listed below should the City have any questions as it completes its review.

Sincerely,

TERRY MADSEN, PRESIDENT | CLEARSOURCE FINANCIAL CONSULTING

PHONE: 831.288.0608

EMAIL: TMADSEN@CLEARSOURCEFINANCIAL.COM



CLEARSOURCE PROFILE

We introduce the City of La Habra to **ClearSource Financial Consulting** for performance of its Comprehensive User Fee Study and Cost Allocation Plan and Indirect Cost Rate Study. We look forward to this opportunity to serve the City's leaders, service providers, and constituents.

FIRM HISTORY | ClearSource is a privately owned California-based boutique consulting firm intentionally sized and structured to emphasize a **highly tailored, high quality study experience for our public sector clients**. ClearSource is staffed by a four-person team of seasoned individuals with decades of combined experience in local government financial analysis. We are particularly focused on equitable forms of locally controlled cost recovery within the challenges and constraints of the ever-evolving California statutory and legal environment, informed respectfully and strategically by the voter driven principles embedded in Propositions 218 and 26.

Our firm is centered on the philosophy and principles of ClearSource founder and President, Terry Madsen, who will lead this project from start-to-finish. **For over 23 years, Terry has provided financial consulting services exclusively to local government agencies**. In October 2011, he founded ClearSource, a firm dedicated to providing local government agencies with premier financial consulting, serving with the:

- Energy and enthusiasm to dive deep into the details,
- Willingness to do the heavy lifting necessary to implement modernization and lasting change,
- Exclusive staffing on projects of only tenured professionals able to enact both the science and art in these studies, and
- Commitment to on-time delivery and not-to-exceed consulting fees.

SERVICE EXPERTISE | ClearSource provides professional services to California municipal agencies, consulting on topics focused on **revenue management through cost of service-based resources**. We specialize in conducting the following common areas of study and consultation on a wide cross-section of governmental services and funds:

- User and regulatory fee studies
- Master fee schedule development and ongoing management
- Comparative/market analysis
- Indirect cost allocation plans
- Internal service fund rate studies

Our primary focus is on revenue streams linked to cost of service principles, equity, and local-government control. Throughout these areas of expertise, we often work in harmony with internal and external stakeholders to achieve successful implementation of the necessary solutions.

PUBLIC SECTOR DEDICATION | As with every study of this type, the successful completion of this project for the City will require **positive, professional relationships with agency staff, contract service providers, stakeholders, and the City Council and/or subcommittees**. ClearSource clientele can attest to our ability to successfully navigate timing, competing values, and other challenges that arise when completing multi-faceted projects.

During his career, **Terry Madsen has been commended repeatedly for his integrity, client service, dedication, and perseverance**. His treatment of agency staff and respect for the both the challenges they face and the results they require to successfully accomplish their goals, results in working relationships that span multiple years and varied projects.

CLEARSOURCE EXPERIENCE

COST RECOVERY TOPICS | ClearSource is a California-based consulting firm working exclusively for a diverse array of California-based public agencies on varied topics within the overall question of locally controlled cost recovery of public services. Broad service areas within which we have performed analysis include:

- Community development: planning, land development, building and safety, environmental services, and code enforcement
- Public safety: fire prevention, fire operations, emergency medical services, police, animal control
- Public works: engineering, infrastructure and operations, and utilities
- Community services: parks, community spaces, recreation programs, social services, libraries, facility rentals, special events, and filming
- Administration and governmental: indirect cost allocation and rates, direct labor rates, internal service fund rates, business licensing, and public records

ClearSource has performed consulting services within the past 24 months comparable to the City of La Habra's scope of work for its upcoming project for the sample of California cities and their specific fee/cost recovery-based programs listed in **Exhibit 1**. This includes identification of trending topics in California fee design, such as short term vacation rentals, retail cannabis, electric vehicle charging, stormwater management and inspections, and technology enhancement cost recovery.

LOCAL EXPERIENCE | Within the past three years, ClearSource has served the following clients near to

the City of La Habra in **Orange County** on topics comparable to the City's forthcoming cost of service and cost allocation studies and deliverables, including for:

- **City of Costa Mesa** | Citywide user/regulatory fees and overhead cost allocation
- **City of Garden Grove** | Community development user/regulatory fees
- **City of Huntington Beach** | Citywide user/regulatory fees and overhead cost allocation
- **City of Laguna Woods** | Citywide user/regulatory fees and overhead cost allocation
- **City of Newport Beach** | Citywide user/regulatory fees, Citywide indirect cost allocation, Tidelands cost allocation, and streets maintenance of effort cost allocation
- **City of San Juan Capistrano** | Citywide user/regulatory fees and overhead cost allocation
- **City of Santa Ana** | Overhead cost allocation, indirect cost rates, and internal service fund rates
- **City of Seal Beach** | Citywide user/regulatory fees and overhead cost allocation
- **City of Yorba Linda** | Citywide user/regulatory fees and overhead cost allocation (ongoing)

A listing of ClearSource's California clientele over the past five years and a sampling of client references begins on **Page G-1**. ClearSource has enthusiastic references from public agencies across California. Should additional references or sample reports be desired, we will furnish them immediately upon the City's request.

CLEARSOURCE ADDITIONAL INFORMATION

- ClearSource is an S-Corporation registered with the State of California and headquartered in Aptos, California. All work for the City's project will be managed by our proposed Project Manager Terry Madsen from this location. Read more about Terry beginning on **Page C-1**.
- ClearSource is not proposing the use of any subconsultants to complete this project for the City of La Habra. ClearSource is not affiliated with or under the control of any other company.

SECTION B

QUALIFICATIONS & EXPERIENCE OF FIRM

EXHIBIT 1 | SAMPLING OF COST OF SERVICE TOPICS STUDIED RECENTLY

Cost of Service Category	Sampling of Cities Served by ClearSource In the Last 24 Months											
<p>In all cases, ClearSource delivered publishable and working master schedule of fees and supporting cost of service models in Microsoft Excel, enabling our clients to manage fees between comprehensive studies.</p>	City of Huntington Beach, CA	City of La Quinta, CA	City of Lake Forest, CA	City of Larkspur, CA	City of Lincoln, CA	City of Novato, CA	City of Rancho Mirage, CA	City of Roseville, CA	City of Santa Clara, CA	City of Torrance, CA	City of Ventura, CA	City of Wasco, CA
Community Development												
Planning	x	x	x	x	x	x	x	x	x	x	x	x
Land Development	x	x	x	x	x	x	x	x	x	x	x	x
Building & Safety	x	x	x	x	x	x	x	x	x	x	x	x
Public Safety												
Fire Prevention & Operations	x	x			x		x	x	x	x	x	
Emergency Medical Services								x		x		
Police	x	x			x	x		x	x	x	x	
Animal Control								x		x		x
Public Works												
Infrastructure & Operations	x	x	x	x	x	x	x	x	x	x	x	
Engineering	x	x	x	x	x	x	x	x	x	x	x	x
Utilities	x				x			x	x	x	x	x
Community Services												
Parks & Community Spaces	x	x	x	x	x	x		x	x	x	x	
Recreation Programs		x	x	x				x	x	x	x	
Community Centers & Libraries	x	x	x		x			x	x	x	x	
Facility Use and Rentals	x	x	x	x	x	x		x	x	x	x	
Special Events	x	x	x		x	x	x	x	x	x	x	
Film Permitting	x	x	x	x		x	x	x		x	x	
Administration & Governmental												
Business Licensing					x	x	x					x
Clerk / Public Records	x	x	x	x	x	x	x	x	x	x	x	
Indirect Cost Rates & Charges	x	x	x	x	x		x	x	x	x	x	x
Fully Burdened Hourly Rates	x	x	x	x	x	x	x	x	x	x	x	x
Trending Topics												
Vacation Rentals		x				x	x					x
Cannabis Retailers		x				x						x
Electric Vehicle Charge Stations			x			x						
NPDES	x	x							x	x	x	
Technology Enhancement	x	x		x	x	x		x	x		x	x

SECTION C

QUALIFICATIONS & EXPERIENCE OF TEAM

CLEARSOURCE TEAM ORGANIZATION

TEAM ORGANIZATION | In our work with the City of La Habra, the Comprehensive User Fee Study, Cost Allocation Plan, and Indirect Cost Rate Study will be led start-to-finish by Terry Madsen. As our Project Manager, he will conduct meetings, present reports, and oversee development of analysis and outcomes. Analytical and strategic support will be provided only by skillful, senior-level professionals: Jeanette Hahn and David Schroeder, able to lead tasks and engage with City staff and policymakers.

SOLE PROVISION OF SERVICES | All services identified under the City's Scope of Work for this project will be completed by ClearSource personnel. We are entirely qualified and fully resourced to complete the services within our existing firm organization.

No services will be subcontracted to other firms, nor will any subconsultants or subcontractors be used to supplement ClearSource staff and capabilities.

EXHIBIT 2 | PROJECT TEAM STRUCTURE



MANAGEMENT CONTACT & PROJECT MANAGER

We once again assign **Terry Madsen as our Project Manager and primary contact person for the City of La Habra**. Terry is highly regarded by his clients. Please reach the following agency leaders to discuss their experience working with him:

- ➔ Monica Radeva, City Clerk
CITY OF LA QUINTA, CA
Phone: 760.777.7035
Email: mradeva@laquintaca.gov
- ➔ Sheila Poisson, Finance Director
CITY OF TORRANCE, CA
Phone: 310.618.5854
Email: spoisson@torranceca.gov
- ➔ Barbara Arenado, Director of Finance
CITY OF SEAL BEACH, CA
Phone: 562.431.2527 x 1311
Email: barenado@sealbeachca.gov
- ➔ Derek Tisinger, Division Chief (Fire Dept.)
COUNTY OF KERN, CA
Phone: 661.330.0218
Email: dtisinger@kerncountyfire.org

CONTACT | Phone Terry at **831.288.0608** or email to tmadsen@clearsourcefinancial.com.



Terry Madsen

**PROJECT MANAGER AND
PRINCIPAL CONSULTANT**

32% of Total Project Hours

PROFESSIONAL EXPERIENCE | Terry Madsen is the President of ClearSource Financial Consulting. For over 23 years, he has provided financial consulting services to local government agencies. In October 2011, Terry founded ClearSource Financial Consulting, a firm dedicated to providing local government agencies with premier financial consulting services. From October 2001 to October 2011 Terry was employed by a competing California firm, NBS. Terry's depth of knowledge includes numerous service areas including user fee studies, indirect cost allocation studies, internal service fund rate studies, water and wastewater rate studies, and special financing district administration.

Terry has been involved with every client agency on the ClearSource list shown on **Page G-1**. Within the past several years, Terry has supported cost

SECTION C

QUALIFICATIONS & EXPERIENCE OF TEAM

allocation, cost of service, and user/regulatory fee studies for the following sampling of California public agencies:

- ⇒ County of Kern, CA | Project Manager – Fire prevention fees, fire department indirect cost rates
- ⇒ City of Santa Clara | Project Manager – Citywide user and regulatory fees, enterprise fund support for fee-supported development services
- ⇒ City of Lake Forest, CA | Project Manager – Citywide user and regulatory fees, formal cost recovery policy, Citywide indirect cost allocation
- ⇒ City of La Quinta, CA | Project Manager – Citywide user and regulatory fees
- ⇒ City of Santa Ana, CA | Project Manager – Indirect cost allocation and internal service fund rates
- ⇒ City of Roseville, CA | Project Manager – Citywide user and regulatory fees, internal service fund rates
- ⇒ City of Ventura, CA | Project Manager – Citywide user and regulatory fees, Citywide indirect cost allocation, internal service fund rates

Terry has worked closely with every level of the public body including property owners, community organizations, City Council/Board members, special commissions, agency managers, all members of the agency finance team, directors of every agency department, management analysts, and the direct service staff that are the primary contact points for members of the community, such as inspectors, plan reviewers, operators, maintenance personnel, and records staff.

Terry's experience in performing fee studies includes all phases of the work, from project initiation to completion and presentation of final findings. His efforts include data gathering, conducting interviews with agency staff, model development, report preparation, and presentation and delivery of study narratives. He has analyzed fees for a comprehensive array of municipal services, such as planning, land development, building, fire protection, code enforcement, community services, parks, recreation, administration, general governmental, public infrastructure, utilities, and others.

Terry is a member of the California Society of Municipal Finance Officers. He received his undergraduate degree (Cum Laude) from Cal Poly, San Luis Obispo. He was awarded a Bachelor of Science in Business Administration with a Finance Concentration and an Economics Minor. He received his graduate degree from California State University, San Bernardino. He was awarded a Master of Business Administration with an Entrepreneurship Concentration.

Terry is based in Santa Cruz County and serves ClearSource clientele across California.

PROJECT ROLE | Terry will serve as our Project Manager, responsible for the performance of all study elements and fulfillment of our agreement with the City. He will also be the Principal Consultant for the studies, directing analysis for our staff, performing targeted analysis, troubleshooting, providing quality assurance, facilitating onsite and remote interaction with City staff and leadership, and representing our work in public procedures.

Continuity of Service

As an intentionally structured small firm that believes our size is integral to the way we provide **personalized and high quality service to our client communities**, ClearSource nonetheless is asked by agencies about our plans for ensuring continuity of service if a team member faces personal emergency disruptive to the project. In fact, this is essential to our business and reputation. In addition to our collegiality and cross-discipline synergy, this is one of the key reasons **our staff is comprised only of seasoned professionals** in this area of expertise.

Our consultants are each two or more decades into consulting careers rich with successful project management, direct project performance, and accomplished public engagement for successful implementation of outcomes. For the City of La Habra, in the unlikely event our Project Manager Terry Madsen became unable to complete these services, fellow team member Jeanette Hahn will step into his place, able to perform at equal level, effectiveness, and achievement to Terry.

PROJECT SUPPORT STAFF

We introduce the following professional who will be assigned to the City of La Habra for specific elements within the overall project.



Jeanette Hahn

SENIOR CONSULTANT

24% of Total Project Hours

PROFESSIONAL EXPERIENCE | Jeanette Hahn is a Senior Consultant for ClearSource Financial Consulting. She has over 23 years of experience advising municipal agencies on equitable and effective costs of service, cost recovery, and strategic financial planning.

Jeanette has analytical and policy expertise in the following subject matter:

- Cost of service analysis and cost allocation for cost recovery opportunities, including user fees, regulatory fees, and contracts/partnerships
- Water, wastewater, reclaimed water, and storm water/drainage utility rates and fees
- Development impact fees and capacity charge nexus analysis/justification
- Economic feasibility/decision analysis
- Long-range financial planning
- Benchmarking

Prior to becoming part of the ClearSource team in 2017, Jeanette succeeded at competing consulting firms. She was Director of Financial Consulting for California-based NBS from 2007 to 2011 and served progressive roles at FCS GROUP from 1997 to 2007, including California Regional Manager from 2004 to 2007. Jeanette stepped down from these executive roles in 2011 to balance family needs.

Jeanette has performed over 250 separate engagements for public agencies of diverse size and situation throughout the Western United States, including in California, Washington, Oregon, Idaho, Nevada, Utah, Montana, and Alaska. She is articulate and agile when working within the legal framework of rate and fee-setting across these states, with particular emphasis on California's Proposition 218 and the state's Mitigation Fee Act.

As an accomplished and highly regarded speaker, Jeanette has earned a reputation for crafting effective and persuasive messages for attaining legislative and public approval of financial plans and accompanying rates and fees. Her skills have been deployed frequently in municipal work to defuse contentious or actively contested matters.

Furthermore, she has been repeatedly invited to present in educational and industry forums, such as the California Society of Municipal Finance Officers, League of California Cities, Association of California Water Agencies, and California Special Districts Association, among many others.

Within the past several years with ClearSource, Jeanette has support cost allocation, cost of service, and user/regulatory fee studies for the following sampling of California public agencies:

- City of Newport Beach, CA | Senior Consultant – Citywide indirect Cost Allocation Plan, Tidelands Cost Allocation Plan, and Streets Maintenance of Effort Cost Allocation Plan
- City of Santa Clara, CA | Senior Consultant – Citywide indirect cost allocation plan, parks and recreation cost recovery public outreach, indirect cost rate and direct cost billing consulting
- City of Milpitas, CA | Senior Consultant – Citywide indirect cost allocation plan, Citywide fully burdened hourly labor rates
- City of Huntington Beach, CA | Senior Consultant – Citywide Indirect Cost Allocation Plan
- City of Sebastopol, CA | Senior Consultant – Citywide Indirect Cost Allocation Plan

Jeanette holds a Bachelor of Arts in Economics with a Public Finance concentration from the University of Washington, Seattle.

PROJECT ROLE | Jeanette will provide senior level analysis, including framework of quantitative models, strategic positioning in targeted subjects, and quality assurance/quality control. Jeanette is also well able to ensure our team's continuity of service commitments for overall project management.

SECTION C

QUALIFICATIONS & EXPERIENCE OF TEAM



David Schroeder

SENIOR CONSULTANT

44% of Total Project Hours

PROFESSIONAL EXPERIENCE | David Schroeder is a Senior Consultant for ClearSource Financial Consulting. He has served the public sector for more than 20 years, focusing on recovery of municipal service costs, particularly within the varied structures of California special financing districts used by cities, counties, and special purpose districts across the state.

David's technical expertise is centered on large-scale and complex database analysis on multiple platforms, geographic information systems and science (GIS), and auditing of records and systems. Project areas in which David applies these skills for public sector clients have included:

- Special financing district administration, formation, annexation, auditing, and continuing disclosure reporting.
- Advanced GIS, including design and analysis to support district formation, annexation, Proposition 218 procedures, rate studies, and development impact fee analysis.
- Solutions generation for complex issues facing municipal clients, including fund close-outs, independent auditing of special financing districts, design and administration of refund programs, and data-driven public outreach.

David's expertise has supported a variety of public services including: lighting and landscaping, public safety, public facilities and maintenance services, and other municipal activities spanning general and special benefit. He is conversant in and has trained client agencies on GIS, including systems such as ESRI ArcGIS and the creation and usage of GIS web applications on the platform.

Within the past several years with ClearSource, David has support cost allocation, cost of service, and user/regulatory fee studies for the following sampling of California public agencies:

- City of Santa Ana, CA | Senior Consultant – Citywide indirect cost rates and charges, internal service fund rates
- City of Lincoln, CA | Senior Consultant – Citywide user/regulatory fees, indirect cost allocation
- City of Placentia, CA | Senior Consultant – Citywide user/regulatory fees, indirect cost allocation
- City of Solvang, CA | Senior Consultant – Citywide user/regulatory fees, indirect cost allocation
- City of Hemet, CA | Senior Consultant – Citywide user/regulatory fees, indirect cost allocation
- City of Seal Beach, CA | Senior Consultant – Citywide user/regulatory fees, indirect cost allocation, budget analysis of labor allocations

David earned a Bachelor of Science in Business Administration, concentrating in Accounting Information Systems, from California State University San Bernardino. He is also certified from the University of West Florida's Graduate Geographic Information Science program.

PROJECT ROLE | David will provide large scale data analysis, facilitate areas of data development, conduct financial modeling, and perform research in support of analytical tasks for fee-oriented cost of service efforts.

PROJECT UNDERSTANDING

Nature of the Project

The City of La Habra is engaging a consultant to provide a **Comprehensive User Fee Study and Cost Allocation Plan**. This type of project is focused on the ethic of “the costs to serve” as the essential justification for fees and other specific forms of cost recovery in California to be enacted through action by the local governing body. Broadly speaking, the cost of service-based fee study answers:

- What are the costs of indirect services supporting direct service provision to the community which may be reasonably recovered across various available mechanisms, including fees and other charges/direct billing? (This is the chief purpose of the Overhead Cost Allocation Plan and Indirect Cost Rate elements of the project.)
- What are the full costs – direct and indirect – of outward-facing services provided to the community, which currently have or may be eligible for a user or regulatory fee? (This begins the series of steps within the Comprehensive User Fee Study element of the project.)
- What are the cost recovery targets or policies of the agency as to the amounts that should be paid for those who request or cause these services under review?
- What structure of fee ensures a reasonable relationship between a fee amount paid and the underlying costs to serve?
- What is the impact to the source funds of changes to user/regulatory fees?

City Scope of Services

ClearSource has read the City’s detailed Scope of Services listed in its Request for Proposals and incorporates each deliverable item into this proposal. (For brevity, we have not repeated the language in this document.) In summary, the City’s Scope of Services contemplates the following elements:

- Overhead Cost Allocation Plan
- User Fee Study
- Indirect Cost Rate

The only note we would clarify in this proposal is that the City identifies tasks in each of these elements that foresee future work, such as annual updates of underlying cost allocation plans or cost of service analysis/fee schedule. The ClearSource proposal acknowledges that the City would like its selected consultant to be available for such future work – which are services we routinely provide to our clientele – but our proposal has scoped and priced a stand-alone study during FY 2025-26. Any future services to update plans, analysis, and fee schedules will need to be scoped and priced at the later time when the City requests such work.

City Objectives for Study

The City is expecting this project to deliver reports documenting the following:

- Fully-burdened staff hourly rates
- Fees which capture work performed by contractors
- The consolidated Citywide fee schedule for services across each department
- Identification of additional fees possible and not currently charged but are present in schedules in the immediate region

From our experience with other similarly situated agencies seeking these services, we believe the City expects its consultant to deliver a comprehensive review of the City’s cost recovery structure with the goal of establishing a consistent and objectively based fee and rate structure meeting the needs of the City and residents. The resulting fee and rate system must comply with all applicable laws and regulations and be compatible with the City’s financial system and other systems, such as permit-tracking and online fee portals.

Prevailing Conditions

The City last completed a formal, comprehensive study of this nature in 2015. In the time since fees and other forms of cost recovery were last linked to such analyses at the City, not only will underlying cost drivers have changed, but the way in which service is provided will have changed: by revised

SECTION D

RESPONSE TO THE SCOPE OF SERVICES

practices, technology availability, the regulatory environment, and customer expectations, to name only a few. Furthermore, the fiscal realities of the City will have shifted, undoubtedly to a position where many services will be expected to fully recover costs to avoid subsidy by typically constrained general resources needed for uses of broader public benefit. While the City may have endeavored to maintain fees as evidenced by examining the current schedules, these underlying contributors to cost of service and cost recovery will be material to the overall effectiveness of the current fee structure, both in terms of service categories and fee and financial impacts.

Fee-Based and Other Services Expected for Study

USER/REGULATORY FEES | ClearSource expects that the fee-related services under review in this study will focus on direct services eligible for user fee methodology, as well as identification during this study of any relevant additions for services performed without a fee or for under-quantified or ineffectively structured fees. Within the participating departments, this can encompass activities that generally may include:

- Regulatory activities, such as review, approval, and inspection of land development, construction/building, and improvements to infrastructure, and other areas of code review, compliance, and enforcement
- Permitting, such as special events and use of public facilities, infrastructure, and services
- Facility rentals and use of public spaces
- Program participation
- Operations and services of individual benefit/request or in response to individual action
- Licensing, billing, records management, and administrative service
- Hourly rates for direct-billing City staff time

(Revenue streams excluded from this study due to differing authority, implementation and analytical methods, and approval procedures are: utility rates and other property-related fees subject to Proposition 218 proceedings, assessments,

development impact fees, in-lieu fees, fees intended and codified more as "taxes," punitive fines/penalties, and general taxes.)

The **Comprehensive User Fee Study is expected to cover departments across the entire City organization without exclusion**, studying every user fee (or potential fee-based service) eligible for this analytical method and implementation process.

INDIRECT COSTS | While cost recovery for the above listed direct services are the focus of the Comprehensive Fee Study, the Cost Allocation Plan focuses on cost recovery for the "indirect" services of the agency. Indirect services represent City budget units commonly found in (but not necessarily exclusive to) the General Fund that might include, as allowed:

- Legislative and general governmental activities
- Organization-wide management and administration
- Central services outside of internal service funds

Allocation of these services yields cost recovery mechanisms such as administrative charges or interfund transfers on eligible non-General funds, indirect cost rates applicable to direct billing and, if necessary/applicable, federal awards, as well as a layer of cost recovery in the Comprehensive User Fee Study.

General Approach to Study

The following fundamental components are embedded in the ClearSource approach to a cost allocation and user fee study for California municipalities:

- Adherence to the state's legal boundaries: **Article XIIC of the California Constitution**, Proposition 218, and Proposition 26, which direct fees be set according to the estimated reasonable cost of service and bear a fair and reasonable relationship to the payer's burdens on or benefits received from agency service.
- Development of a dynamic indirect cost allocation model, capable of iterations based on cost recovery venue: **a "full cost plan" .for application in locally-controlled revenues versus a more constrained "federal" plan (OMB 2 CFR Part 200), if applicable and necessary.**

SECTION D

RESPONSE TO THE SCOPE OF SERVICES

- Development of a functionally layered **“full cost of service”** to represent the maximum limit for fees and cost recovery, inclusive of direct and indirect costs of service from participating agency divisions and centralized services.
- Valuation of agency time in providing direct services, serving as the basis for fee structures or for direct billing.
- Development of **cost recovery policy and practices**, which optimize the agency’s array of funding sources considering public and private benefits, market sensitivity, compliance and behavior modification, and fiscal constraints.
- Remodeling of fee structures where cost profiles, agency operations, or predetermined objectives necessitate change for improved recovery or more efficient or accurate collections.
- Full support and flexibility to complete the administrative record and pursue successful adoption/implementation of fee proposals.
- Identification of interfund charges for service important to budget development and indirect cost rates useful in ongoing program/project cost accounting.
- Reflection of **local values**, including internal perspectives and practices and existing legislative policy or common direction.
- **Adherence to committed schedule** as a critical factor in supporting City priorities and fostering broad satisfaction with the project.

- **No limit on number and format of events** needed to bring the project within this identified Scope of Services to successful completion.
- Delivery of **tools designed to be used actively** and essential to the City’s ongoing successful update and maintenance of user fee and indirect cost outcomes.

Validation Process

Many communities specifically ask to understand the validation process for ensuring information is accurate. In user/regulatory fees, for which the phrase “estimated reasonable” is expected in their cost of service justification, three fundamental principles apply:

- Costs are linked to adopted budgets or actual financial reporting. These are the costs of La Habra. Respected policy is made intrinsically through these reports.
- Any critical data that must be developed, such as staff time estimates, is processed against activity volumes to compare to actual organizational capacity. Anything based on an estimate that drives an outcome not in line with actual capability will be readily apparent and flagged by ClearSource for reconsideration.
- While the industry does not inform fee outcomes at La Habra, the industry helps us identify outliers for explanation, investigation, or reconsideration.

CLEARSOURCE WORK PLAN: OVERHEAD COST ALLOCATION PLAN (FULL COST ITERATION)

ClearSource presents the following work plan to complete the scope of services envisioned by the City of La Habra for the Overhead Cost Allocation Plan, full-cost iteration for locally controlled cost recovery sources.

Task 1. Study Orientation

CLEARSOURCE PLANNED ACTIVITIES AND CITY SCOPE OF SERVICES:

ClearSource will generate common understanding of objectives, known issues to be addressed by study end, participant roles, expected procedural requirements, schedule and pre-established dates, and data collection and development measures. We will assess prevailing cost allocation models, methods, and applications, including annual procedures, internal opinions, impacts, and workload balance contrasted with the requirements of the City’s varying uses for overhead reimbursement. We will review readily available budgetary documents to gain a working knowledge of City structure and accounting practices. We will determine a plan for generating

SECTION D

RESPONSE TO THE SCOPE OF SERVICES

current indirect cost allocations for the host of uses identified by the City. This will likely include development of a new Excel-based model in alignment with current needs but may include modification of existing tools if City personnel prefer to sustain existing tools.

EVENTS: Meeting with City project management team; meeting with any applicable stakeholders

Task 2. Financial and Organizational Inputs

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will develop the necessary foundation for quantitative analysis, with focus on necessary data and documentation of assumptions as required by the application of plan outcomes (e.g., full cost or federal/OMB 2 CFR 200) We will access organizational and line-item detail to support costs, allocation factors, workload metrics, and accounting structure in the cost allocation model. We will acquire and parse statistics useful as bases for distributing costs and, where necessary, develop and document alternate data sets. We will conduct targeted engagement with representatives from support services departments to influence data accessibility and relevance in the plan, such as labor time, work order records, inventories, and other volumetric or organizational tools.

EVENTS: Meetings, as needed, with City support services personnel

Task 3. Cost Allocation Model (Full Cost Iteration)

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will generate the quantitative model in Microsoft Excel to allocate indirect costs Citywide. The model will be built to accommodate change in the organization: the ability to add or remove direct and indirect costs and to adapt to a range of activities, from simple to complex. The model is expected to identify: Citywide fund and accounting structure and fiscal year data for allocation outcomes, allocable indirect service centers, allocation bases and related distribution factors for indirect service centers, direct service centers, primary and secondary allocations, resulting annual cost allocations, resulting Citywide and departmental indirect cost rates, and resulting interfund transfers. The model will provide for future in-house or consultant updates by accommodating any “true-up” adjustment, utilizing annual inflators, or revising underlying assumptions for fiscal year basis and/or allocation metrics. ClearSource will generate a comparison of outcomes under the updated Overhead Cost Allocation Plan to prior year outcomes, including explanation for substantive differences.

DELIVERABLE: Editable Microsoft Excel spreadsheet-based model representing a City-controlled “full cost” allocation of indirect costs

Task 4. Reporting and Deliverable Tools

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will provide the formal documentation of the Overhead Cost Allocation Plan, as well as deliver the editable tools developed throughout the study for the City’s ownership and future use. We will include a narrative description of the Plan, describing key data and assumptions, and impacts; summary infographics; and the complete quantitative analysis as the justification for resulting Citywide and departmental indirect cost rates and interfund transfers. Draft reporting issued will be revised and reissued as final upon City review and input. ClearSource will provide a training session and appropriate documentation for the City’s future maintenance of the Plan.

DELIVERABLES: Microsoft Excel-based and editable analytical model to allocate costs; comprehensive report identifying detailed cost allocations, interfund transfers, indirect cost rates for direct billing, impact on revenues in total and by fund/department/division, and comparative outcomes; training for City staff in future management of deliverable models

Task 5. Review and Engagement

CLEARSOURCE PLANNED ACTIVITIES AND CITY SCOPE OF SERVICES: Throughout the study and its concluding stages, ClearSource will facilitate a meaningful level of interaction between consultants, City personnel, and if needed, City Councilmembers, to ensure applicable and sustainable outcomes and wide understanding of impacts. **ClearSource does not impose limits on number of engagements** within our defined work plan and to usher study outcomes to successful implementation.

EVENTS: Meetings with City project management team; meeting with any applicable stakeholders; meeting with City management; meeting with City Council and/or subcommittee, as necessary

CLEARSOURCE WORK PLAN: INDIRECT COST RATE (FEDERAL ITERATION)

ClearSource presents the following work plan to complete the scope of services envisioned by the City of La Habra for the Indirect Cost Rate evaluation and, as needed, development.

Task 1. Evaluation of Potential Applications

CLEARSOURCE PLANNED ACTIVITIES: Before proceeding with remaining tasks in this project element, ClearSource will evaluate the necessity and potential applications for the City in developing and annually maintaining a federal indirect cost rate (ICR) for use in recovering Citywide indirect costs from federal awards. With a recent increase in the federal *De Minimis* rate, accepting that increase on the City's existing or potential federal awards may be the optimal route for the City in maximizing cost recovery in an efficient and effective manner.

DELIVERABLE: Guidance to the City on maintaining a federally compliant indirect cost rate or accepting the federal *De Minimis* rate on current awards

Task 2. Cost Allocation Model – Federal Iteration

CLEARSOURCE PLANNED ACTIVITIES: If needed after Task 1, ClearSource will generate an iteration of the Excel-based quantitative model developed in Element 2 to allocate Citywide those indirect costs which are eligible under OMB 2 CFR 200 for federally compliant indirect cost recovery. The model is expected to identify: Citywide fund and accounting structure and fiscal year data for allocation outcomes, allocable indirect service centers, allocation bases and related distribution factors for indirect service centers, direct service centers, primary and secondary allocations, resulting annual cost allocations, and resulting Citywide and departmental indirect cost rates. The model will provide for future in-house or consultant updates by accommodating any “true-up” adjustment, utilizing annual inflators, or revising underlying assumptions for fiscal year basis and/or allocation metrics.

DELIVERABLE: Editable Microsoft Excel spreadsheet-based model representing a federally compliant allocation of indirect costs and resulting indirect cost rates

Task 3. Documentation of Indirect Cost Rate

CLEARSOURCE PLANNED ACTIVITIES: If needed after Task 1, ClearSource will provide the formal documentation of the Federal Cost Allocation Plan, as well as deliver the editable tools developed throughout the study for the City's ownership and future use. We will include a narrative description of the Plan, describing key data and assumptions, and impacts; summary infographics; and the complete quantitative analysis as the justification for resulting Citywide and departmental indirect cost rates and interfund transfers. In compliance with OMB 2 CFR Part 200, reporting will include a description of each allocated

SECTION D

RESPONSE TO THE SCOPE OF SERVICES

service, identification of the units rendering services and the units receiving services, items of expense included in allocated costs, method used to distribute costs to benefitted units, schedule showing the allocation of each service to the specific benefitting units, and organizational charts. Draft reporting issued will be revised and reissued as final upon City review and input. ClearSource will provide a training session and appropriate documentation for the City's future maintenance of the Plan.

DELIVERABLE: Microsoft Excel-based and editable analytical model to allocate costs; comprehensive report identifying detailed cost allocations and indirect cost rates for direct billing; training for City staff in future management of deliverable models

Task 4. Review and Engagement

CLEARSOURCE PLANNED ACTIVITIES: Throughout the study and its concluding stages, ClearSource will facilitate a meaningful level of interaction between consultants, City personnel, and if needed, City Councilmembers, to ensure applicable and sustainable outcomes and wide understanding of impacts. **ClearSource does not impose limits on number of engagements** within our defined work plan and to usher study outcomes to successful implementation.

EVENTS: Meetings with City project management team; meeting with any applicable stakeholders; meeting with City management; meeting with City Council and/or subcommittee, as necessary. Note: Some meetings may be held concurrent with Element 2.

CLEARSOURCE WORK PLAN: COMPREHENSIVE USER FEE STUDY

ClearSource presents the following work plan to complete the scope of services envisioned by the City of La Habra for the Comprehensive User Fee Study.

Task 1. Study Orientation

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will generate common understanding of objectives, known issues that must be addressed by study end, participant roles, expected procedural requirements, schedule and pre-established dates, and data collection and development processes. Most significantly, we will examine prevailing fees for known issues and to discuss initial and potential modifications to fee structures, practices, and policies. We will assess prevailing fees and methods to understand effectiveness of current structures, including perceived cost recovery, perceived equity, alignment of fee categories with the manner in which work is performed, perceived competitiveness in the region, and feasibility or accuracy of billing within current capabilities. We will draft initial user/regulatory fee structures to direct down-stream data development steps.

EVENTS: Meeting with City project management team; meeting(s) with individual direct service departments overseeing fee categories under review

Task 2. Financial and Labor Time Inputs

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will develop the necessary foundation for subsequent quantitative analysis, with focus on preparing the body of data that will inform every downstream element of the fee study. To develop financial inputs, we will gather and model financial data including: current and historical fee revenues, personnel and contractor costs and organization, adopted line-item expenditures, forecasted periodic outlays, and allocated indirect costs via new or existing plan.

SECTION D

RESPONSE TO THE SCOPE OF SERVICES

To develop and test labor time inputs, based on prevailing and future business processes, we will gather and develop expressions of time by utilizing any existing labor time-tracking data; conducting interviews to estimate a distribution of annual time across core functions of service; developing service time questionnaires linked to remodeled fee structures to estimate average or range of service times for fee-based services; applying industry experience to populate under-developed or unavailable time estimates; analyzing any existing data sets that inform workload/activity/use levels and project profiles; and reconciling annual time, service time estimates, and service volumes to test reasonableness of critical assumptions.

- EVENTS:** Meetings with individual direct service departments to develop critical inputs
- DELIVERABLE:** Labor time profiles for fee-based service categories with applicable reasonableness testing

Task 3. Labor Time Valuation

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will develop fully burdened hourly labor rates in each department/division participating directly in the provision of services associated with a fee under review. Rates will be built to encompass labor costs, non-labor operating costs, departmental and/or divisional administration, Citywide central services/general administration, and periodic investments. Rates will be expressed by function of direct and indirect service within each department/division, where applicable and to enable cost recovery considerations for certain fee categories. Rates may be expressed as composite for the department/division or for the position class.

DELIVERABLE: Fully burdened hourly rates for divisions and/or position classes

Task 4. Fee Design

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will apply the outcomes from Tasks 1 and 2 – an assessment of existing fees and interaction with City staff to understanding current practices and work flow – to ensure cost of service analysis aligns with the fee structures recommended from that work, which may include elements of prevailing fees, recommendations based on prevailing business processes, system capabilities, and relevant market or industry practices applicable to City work flow. We will prepare a working model of a comprehensive fee schedule to guide subsequent analysis.

DELIVERABLE: Working model for the Consolidated Fee Schedule (service categories and fee structure)

Task 5. Cost of Service Analysis

CLEARSOURCE PLANNED ACTIVITIES: ClearSource will prepare a cost of service model to join fully burdened hourly labor rates, time estimates associated with current work flow and business processes, and existing or any redesigned fee structures, in order to calculate the full unit cost of service associated with each fee category and layers within them. The full cost of service informs the maximum fee amount allowed under California framework for establishing user/regulatory fees by City Council action. The full cost of service at the fee or programmatic level is composed of direct labor and non-labor costs, indirect labor and non-labor costs, periodic outlays of direct or indirect benefit, departmental overhead, and Citywide overhead. Analysis will include modeling of activities with under-developed or no fee imposed but where one is warranted and practical to improve the City's cost recovery from private benefit activities.

DELIVERABLES: Activity-level/unit costs of service and current recovery performance of the full cost

Task 6. Cost Recovery and Impact Analysis

**CLEARSOURCE
PLANNED
ACTIVITIES:**

ClearSource will recommend cost recovery targets for fee-based services or work with City staff in developing cost recovery policy to inform final fee amounts, particularly where full cost recovery is deemed unfeasible. Development of cost recovery policy and practices will optimize the City's array of funding sources considering public/private benefits, market sensitivity, compliance and behavior modification, and fiscal constraints. We will review and recommend where warranted associated fee practices, including waivers, discounts, deposit amounts, fee/deposit collection practices, and economic incentive practices.

ClearSource will develop a publishable comprehensive fee schedule for the City, useful in presenting proposals, as well as communicating fee descriptions, fee amounts, and charge bases to the public and to other City departments, who may have responsibility for maintaining Citywide schedules of fees. The comprehensive fee schedule developed can also include a tool for subsequent annual inflationary adjustments to the established fee structures between comprehensive cost of service studies. To the extent existing data systems enable it, revenue estimates from proposed fees based on historical or projected performance will be attempted, and we will compare prior fees in targeted service categories to assist in explaining impacts of notable changes. ClearSource will prepare a comparison of fees to other municipalities in targeted service categories as needed, likely by creating profiles for an array of "typical" uses in addition to one-for-one comparisons.

DELIVERABLES: Cost recovery policy framework and accompanying proposed Consolidated Fee Schedule, including regional comparisons and revenue impacts; direction and tool for subsequent annual inflation-based management of fees between comprehensive studies

Task 7. Reporting, Administrative Record, and Deliverable Tools

**CLEARSOURCE
PLANNED
ACTIVITIES:**

ClearSource will prepare the administrative record for pursuing implementation of revised fees. This focuses on the draft and final reports of cost of service findings, including assumptions, critical data, and discussion of expected impacts. Analytical detail will be included, as well as executive summary and infographics useful in public presentation and legislative processes. We will deliver the editable analytical models used to develop fees, including the detailed working comprehensive fee schedule and its streamlined, user-friendly publishable version. ClearSource will also provide presentation/summary materials for communicating proposals and assistance with both the staff report and public hearing noticing. ClearSource will provide a training session and appropriate documentation for the City's future maintenance of comprehensive fee schedule.

DELIVERABLES: Citywide Consolidated Fee Schedule; Microsoft Excel-based and editable analytical models to calculate cost of service based fees; comprehensive report identifying detailed full costs of service (direct and indirect), current and recommended cost recovery, revenue impacts of recommended fees, and comparison of fees to other cities; report in digital file and any requested bound paper copies; training for City staff in future management of fees and deliverable models

(This section continues on the following page.)

Task 8. Review, Engagement, and Approval

CLEARSOURCE PLANNED ACTIVITIES:	Throughout the study and at its concluding stages, ClearSource will facilitate a meaningful level of interaction between consultants, City personnel, and City Councilmembers or other City Commission(s) to ensure applicable and sustainable outcomes and wide understanding of impacts. ClearSource does not impose limits on number of engagements within our defined work plan and to usher study outcomes to successful implementation.
EVENTS:	Meetings with City project management team; meetings with individual direct service departments with fees under review, meeting with any applicable stakeholders; meetings with City Council and/or other City commission or committee); public hearing(s)

CITY AND CONSULTANT RESOURCES

City Resources

CITY STAFF TIME | The Scope of Work described by the City in its Request for Proposals represents tasks to be performed and completed by the ClearSource team and which are delivered by the previously detailed ClearSource Work Plan.

ClearSource absolutely commits to do the heavy lifting in this project, and we do not reverse delegate to City staff. That said, these types of projects are collaborative efforts. ClearSource identifies the following key ways in which City staff are involved in the completion of the project:

- Provide institutional knowledge and expertise and requested background documents, such as financial data, staffing information, fee schedules, and relevant policies. ClearSource asks City staff only for reports already in existence for other City purposes and readily available to share.
- Provide an overview of current fee schedules, fee collection practices, system capabilities for managing fee amounts and structures, and data tracking systems. ClearSource accomplishes this with staff in meeting format, and does not ask staff to create responses outside efficiently schedule meeting time.
- Respond to consultant questionnaires or interviews to develop staff time profiles. Again, ClearSource achieves this in conscientiously scheduled meeting format without subsequent “homework” for participating staff.
- Attend meetings to provide direction based on consultant-generated analysis, findings, and recommendations.

- Notice public meetings.
- Prepare agenda items for proposed fees and other outcomes brought forward for legislative and public review.

The following list provides an estimate of time that may be invested by City staff during the project, depending on role:

- City’s Project Manager: 20 to 40 hours, varying by degree to which this individual attends all engagement with participating departments and divisions with consultants.
- Departmental/divisional key contacts: 2 to 8 hours, varying by complexity of fees managed or indirect service provided.
- Selected direct service personnel representatives: 30 minutes to 2 hours.

The ClearSource team does not require involved City staff to possess and skillset outside of their job responsibilities with the City. **We view City staff as experts in what they do**, while we bring expertise in cost of service analysis, nexus analysis, and the fee, rate, and other cost recovery mechanisms under review in this project.

CITY INFORMATION | During this project, the City will provide ClearSource readily available documents and data sets already tracked and exportable from its existing systems. **(ClearSource will not require the City to manipulate or parse data sets from their original form; our efforts to work with data sets in the forms delivered by the City is built into our presumed labor effort and consulting fee.)**

SECTION D

RESPONSE TO THE SCOPE OF SERVICES

In a typical user and regulatory fee study, the following general information will be requested of the City:

- ➔ Actual and budgeted revenue and expenditure detail by fund, organization, and object across multiple fiscal years.
- ➔ Budgeted personnel costs by fund and organization.
- ➔ To be determined during study orientation based on need and availability: specific data sets tracked which might describe activity workload, such as service volumes and time.
- ➔ To be determined during fee design based on need: documentation of any specific formalized practices and policies associated with fee application and collection.

OTHER INFORMATION | Additionally, ClearSource independently will access the City's publicly available documents, such as budget documents, annual financial reports, relevant planning documents, existing fee schedules, existing fee/cost recovery policies, organizational information, and other available material.

ClearSource will also tap external/industry data sets as needed and conduct comparative fee research relevant to the City of La Habra. Finally, ClearSource will use our experience in the immediate region and with comparable communities across California to fill gaps, springboard conversations with City staff, and generally **ensure that overwhelming burdens are not placed on City personnel to accomplish a successful and meaningful study.**

Consultant Resources

Our three-person project team expects to spend 300 hours fully delivering the City's scope of services and ushering the findings of the study to successful enactment. **Exhibit 2 in our separate Fee Proposal** lists a breakdown of our team's hours by consultant position and study element following the previously described Work Plans.

While we have emphasized the collaborative roles of ClearSource and City staff in the successful completion of this study, we also commit to ensuring that:

- ➔ ClearSource performs all heavy data analysis for this project and does not reverse delegate to City staff.
- ➔ ClearSource works within existing data systems used by the City and does not ask City staff to create customized responses.
- ➔ ClearSource reframes and redesigns questions we ask of City staff or intended approaches to solutions in order to fit the capabilities and availability of participating departments.
- ➔ ClearSource devises engagement with City personnel to fit the needs and interests of individual participants.
- ➔ ClearSource communicates regularly with the City's designated project manager to ensure the study is progressing along the expected timeline.

CONSULTING FEE PROPOSAL

As instructed by the Request for Proposals, ClearSource has submitted our Consulting Fee Proposal as a separate document from this Technical Proposal.

PROFESSIONAL SERVICES AGREEMENT

ClearSource understands the City will use its standard Professional Services Agreement for this consulting engagement. ClearSource has read the sample agreement provided with the Request for Proposals and Addendum and does not request any exceptions to that standard language.

CLEARSOURCE CALIFORNIA CLIENTELE

Following is a list of ClearSource clients within the past five years, noting original contract date through most recent date of service, emphasizing **our long-standing, repeat service** to many of these agencies.

POPULATION >200,000

- Santa Ana (2019-2023)
- Oxnard (2018-2024)
- Santa Clara County (2022)
- Kern County (2019-2022)
- Huntington Beach (2018-2024)
- Ventura County (2024)

POPULATION 100-200,000

- Garden Grove (2023)
- Roseville (2015-2024)
- Escondido (2024)
- Torrance (2017-2024)
- Santa Clara (2020-2025)
- Costa Mesa (2019-2024)
- Ventura (2012-2024)
- Norwalk (2023)

POPULATION 50-100,000

- Hemet (2021-2023)
- San Leandro (2016-2022)
- Lake Forest (2019-2025)
- Folsom (2023)
- Newport Beach (2022-2025)
- Milpitas (2018-2025)
- Yorba Linda (2025)
- Gilroy (2024)

- Novato (2019-2024)
- Cathedral City (2020-2023)
- Lincoln (2019-2025)
- Placentia (2021)
- Palm Desert (2023)
- Watsonville (2022-2025)
- Pleasant Valley PRD (2022)
- Ceres (2023)

POPULATION 25-50,000

- Azusa (2015-2023)
- Campbell (2018-2023)
- San Bruno (2024)
- Bell Gardens (2020-2021)
- La Quinta (2012-2023)
- Moorpark (2022)
- San Juan Capistrano (2023)
- Bell (2014-2023)
- Lawndale (2020)
- Brawley (2023)
- Wasco (2020-2023)

POPULATION 15-25,000

- Oakdale (2020)
- Calabasas (2023)
- Shafter (2017-2021)
- Oroville (2021)
- Pinole (2022-2023)

- Laguna Woods (2013-2025)
- Rancho Mirage (2019-2021)
- Kerman (2022)

POPULATION <15,000

- McFarland (2020)
- Auburn (2023)
- Palos Verdes Estates (2018-2021)
- Larkspur (2016-2023)
- Grover Beach (2021)
- Signal Hill (2023)
- Morro Bay (2022-2024)
- Corte Madera (2024)
- Sebastopol (2019-2023)
- Ojai (2016-2019)
- Escalon (2017-2023)
- Taft (2021)
- Gustine (2013-2022)
- Solvang (2021-2023)
- St. Helena (2025)
- Woodside (2019-2023)
- Wheatland (2018-2023)
- Monte Sereno (2018-2020)
- Belvedere (2024)
- Del Rey Oaks (2024)

(This section continues on the following page.)

CLEARSOURCE REFERENCES

ClearSource submits the following references for cost allocation plans and user and regulatory fee studies for **communities of similar demographics, scale, region, and/or scope of services to the City of La Habra.**

City of Newport Beach, California

CITYWIDE USER FEE STUDY AND COST ALLOCATION PLAN SERVICES

Original Contract: 2022 | Recent Services: 2025

Shelby Burguan, Assistant Finance Director

100 Civic Center Drive, Newport Beach, CA 92660

Phone: 949.644.3085

Email: sburguan@newportbeachca.gov

Full cost allocation plan for Citywide indirect cost recovery and harbor/tidelands direct cost allocation; streets maintenance of effort cost allocation for eligibility to receive gas tax funds, and cost of service analysis and Citywide Fee Schedule management, with services formally studied including: community development, fire, police, public works, utilities, harbor, finance/administration, library, recreation, and senior services.

City of Ventura, California

CITYWIDE USER AND REGULATORY FEES, ISF RATES, AND COST ALLOCATION PLAN

Original Contract: 2012 | Recent Services: 2023

Jennifer Rowe, Treasury Manager

501 Poli Street, Ventura, CA 93001

Phone: 805.654.7857

Email: jrowe@cityofventura.ca.gov

Full cost allocation plan for unbilled Citywide central services; internal service fund rates for billed central services including information technology, fleet maintenance, facilities maintenance, and risk management; and analysis and ongoing management of Citywide Fee Schedule for services including planning, land development, construction, fire prevention, traffic engineering, utilities, stormwater quality inspection, parks, recreation and community partnerships, special events, treasury, police, and clerk.

City of Cathedral City, California

USER FEE STUDY & COST ALLOCATION PLAN

Original Contract: 2021 | Recent Services: 2025

Kevin Biersack, Financial Services Director

68700 Avenida Lalo Guerrero, Cathedral City, CA 92234

Phone: 760.770.0378

Email: kbiersack@cathedralcity.gov

Cost of service analysis and master fee schedule development for services including: administration, business license and inspection, cannabis business licensing and permitting, building and safety, code compliance, engineering and encroachment, fire prevention, planning, police, short-term rental permitting, and hourly billing.

City of Garden Grove, California

COMMUNITY DEVELOPMENT DEPT. FEE STUDY

Contract Originated: 2023

Niki Wetzel, Community Development Director

11222 Acacia Parkway, Garden Grove, CA 92840

Phone: 714.741.5148

Email: nikiw@ggcity.org

Cost of service analysis, cost recovery framework, and consolidated fee schedule for planning, building, and code enforcement divisions.

City of Yorba Linda, California

USER FEE STUDY & COST ALLOCATION PLAN

Contract Originated: 2025

Sunny Han, Finance Director/City Treasurer

4845 Casa Loma Avenue, Yorba Linda, CA 92886

Phone: 714.961.7141

Email: shan@yorbalindaca.gov

Indirect cost allocation plan for unbilled Citywide central services; Cost of service analysis and master fee schedule development for services including: building, planning, public works, library, clerk, and finance, parks and recreation.

SECTION H IMPLEMENTATION SCHEDULE

PROPOSED PROJECT TIMELINE

ClearSource forecasts to **deliver final draft reporting for the project 150 days from commencement**. These reporting documents will enable final presentation, any final edits based on legislative review, and any necessary additional public procedure or stakeholder engagement thereafter along the City’s timeline and legislative priorities.

Exhibit 3 illustrates a timeline for consulting task completion, delivery of reports, and subsequent approval procedures. As a sample timeline, **if efforts begin in July 2025, all reports will be ready by the end of December 2025**. Outcomes can then follow a thoughtful pace of legislative review and approval and inform the City’s budget development process for the following fiscal year. The City may choose to align fee schedule implementation with its next fiscal year or implement approved outcomes mid-year. Approved user fees can become effective 60 days following a successful public hearing before the City Council.

EXHIBIT 3 | STUDY TIMELINE BY CLEARSOURCE WORK PLAN TASK

Project and Major Task in ClearSource Work Plan	Study and Final Report Due for Approval Process					Legislative Review & Approval Process	Waiting Period until Effective
	30 Days	60 Days	90 Days	120 Days	150 Days		
Overhead Cost Allocation Plan (Full Cost Iteration)							
1 Study Orientation	▲					n/a	n/a
2 Financial & Organizational Inputs		▲				n/a	n/a
3 Cost Allocation Model (Full Cost)						n/a	n/a
4 Reporting & Deliverable Tools				★ ★		▲ Training TBD	n/a
5 Review & Engagement			▲	▲		▲ +0-30 Days	n/a
Indirect Cost Rate (Federal Iteration)							
1 Evaluation of Potential Applications		▲				n/a	n/a
2 Cost Allocation Model (Federal)						n/a	n/a
3 Documentation of Indirect Cost Rate					★	n/a	n/a
4 Review & Engagement					▲	▲ +30 Days	n/a
User Fee Study							
1 Study Orientation	▲					n/a	n/a
2 Financial & Labor Time Inputs		▲ ▲				n/a	n/a
3 Labor Time Valuation						n/a	n/a
4 Fee Design						n/a	n/a
5 Cost of Service Analysis						n/a	n/a
6 Cost Recovery & Impact Analysis						Policy w/ Fees	With Fees
7 Reporting, Admin. Record, & Tools					★ ★	▲ Training TBD	n/a
8 Review, Engagement, & Approval				▲	▲ ▲	▲ +30-60 Days	+60 Days
Sample Calendar Timing (Subject to City-Directed Start Date)	Jul.-Aug. 2025	Aug.-Sep. 2025	Sep.-Oct. 2025	Oct.-Nov. 2025	Nov.-Dec. 2025	Jan.-Feb. 2026	By 5/1/2026 or with FY 2026-27
■ Data Development, Analysis, and Reporting Tasks	▲ Event (Actual timing and agenda to be determined. No limits on number.)						
■ Timing at City's Discretion	★ Draft and Final Deliverable Reports, Comprehensive Fee Schedule, and Other Deliverables						

INSURANCE

ClearSource has read and understands the City's insurance requirements to be attached to its standard professional services agreement provided with the Request for Proposals and Addendum. ClearSource carries all of the insurance types listed to the limits required, and we routinely issue Certificates of Insurance to our clients with similar terms. Upon request from the City, we can obtain a Certificate of Insurance issued to the City and conforming to its requirements in approximately one to three business days after placing an order with our broker.

**CITY OF
LA HABRA**

MAY 19, 2025

FEE PROPOSAL TO PERFORM CONSULTING SERVICES

**COMPREHENSIVE USER FEE STUDY
AND COST ALLOCATION PLAN AND
INDIRECT COST RATE STUDY**

REFER ALSO TO SEPARATE TECHNICAL PROPOSAL



ClearSource Financial Consulting

7960 B Soquel Drive, Suite 363
Aptos, California 95003

TERRY MADSEN | PRESIDENT
tmadsen@clearsourcefinancial.com
831.288.0608

PROJECT BUDGET

Maximum Price

TOTAL COST | ClearSource has developed the work plans and schedule described in our Technical Proposal and designed to deliver a successful Comprehensive User Fee Study, Cost Allocation Plan, and Indirect Cost Rate Study to the City of La Habra. To complete that project, **ClearSource proposes a total maximum cost for this contract at \$58,500.**

COST BY ELEMENT | This maximum consulting fee is distributed to each element of the overall project as summarized in **Exhibit 1**.

EXHIBIT 1 | MAXIMUM CONSULTING FEE BY PROJECT ELEMENT

Project Elements	Labor Hours	Maximum Fee
Overhead Cost Allocation Plan (Full Cost Iteration)	60	\$ 11,700
Indirect Cost Rate (Federal Iteration)	32	\$ 6,240
User Fee Study	208	\$ 40,560
ALL ELEMENTS NOT TO EXCEED	300	\$ 58,500

NOT-TO-EXCEED FEE | ClearSource commits to finish the project as described in our work plan without change orders. This is our standard practice. **We do not request contract amendments for additional meetings, extra analytical scenarios, or any extended work to aid City staff or Council consideration.** These are *normal* occurrences in these types of studies and part of the standard effort required to usher study findings to successful conclusion. Our proposed price is set to accomplish the work thoroughly without upward risk to the City.

Consulting Fee Detail

CONSULTANT FEE BY TASK | The maximum consulting fee presented here is based on the ClearSource team’s experience with other similarly scoped and scaled California cities in past studies: careful review of the City of La Habra’s existing potential fee categories for study, service provisions,

organizational structure, and apparent financial performance, noting the breadth of City services that will fall under review in this effort. Our proposal ensures that all user/regulatory fees eligible for the prescribed methodologies can be analyzed without shortcuts or explanations for non-analysis and that the process is carried through to successful implementation of feasible outcomes.

Exhibit 2 on Page 3 illustrates the detail behind our presented maximum price for the Comprehensive User Fee Study, Cost Allocation Plan, and Indirect Cost Rate Study. This includes our estimated consultant labor time paired with hourly billing rates by task described in the ClearSource work plans.

PROFESSIONAL RATES | The proposed consulting fee presented is based on assumed time to complete the scope of services paired with hourly billing rates for ClearSource consultants. The schedule of hourly billing rates for all positions contemplated in this project is as follows:

- ➔ Rates fixed for the contracted scope of services described herein and subject to change after December 31, 2025, for any added services:
 - Project Manager: \$195 per hour
 - Principal Consultant: \$195 per hour
 - Senior Consultant: \$195 per hour

DIRECT EXPENSES | ClearSource does not bill clients for ordinary direct expenses, such as travel and document production. All costs incurred by ClearSource to complete the City’s project as currently scoped are embedded in our professional rates. The City’s project does not contemplate and include extraordinary expenses such as mailing or polling as part of the consultant’s required deliverables; therefore, no cost above the billed time of our professionals is proposed in our consulting fee.

Rates for Additional Services

Should the City seek an amendment to the contract to add consulting services it did not contemplate in its original scope of services as of this submittal date,

ClearSource will estimate an additional consulting fee using the professional rates listed above.

As emphasized earlier, **ClearSource will not request contract amendments to compensation to handle normal fluctuations in the scope of services** already defined, such as unplanned meetings, scenarios, or elongated review processes. An example of a situation when “added services” would apply is adding an internal service fund rate study to the project. This would also apply to any future updates to the plans, analysis, and fee schedules developed by this project and requested by the City at a subsequent date.

Manner of Payment

ClearSource will issue monthly progress reports to the City. Accompanying monthly invoices will be based on progress recorded to the project following the major tasks described in the work plan. We will not invoice for tasks not yet completed, and we will not submit a final invoice for the study until work is completed. Total invoices issued over the course the study will not exceed the maximum price presented here.

EXHIBIT 2 | CONSULTANT TIME AND FEE BY PROJECT ELEMENT AND TASK

Project Element and Major Task	ClearSource Labor			Total Project	
	Project Manager	Senior Consultant	Senior Consultant	Labor Hours	Consulting Fee
	Madsen	Hahn	Schroeder		
Professional Hourly Rates, Fixed for Project:	\$195	\$195	\$195		
Overhead Cost Allocation Plan (Full Cost Iteration)					
1 Study Orientation	1	2	1	4	\$ 780
2 Financial & Organizational Inputs	0	10	6	16	\$ 3,120
3 Cost Allocation Model (Full Cost Iteration)	0	16	6	22	\$ 4,290
4 Reporting & Deliverable Tools	2	6	2	10	\$ 1,950
5 Review & Engagement	1	6	1	8	\$ 1,560
Subtotal for Single Element	4	40	16	60	\$ 11,700
Indirect Cost Rate (Federal Iteration)					
1 Evaluation of Potential Applications	1	1	0	2	\$ 390
2 Cost Allocation Model (Federal Iteration)	0	12	4	16	\$ 3,120
3 Documentation of Indirect Cost Rate	1	8	3	12	\$ 2,340
4 Review & Engagement	0	2	0	2	\$ 390
Subtotal for Single Element	2	23	7	32	\$ 6,240
User Fee Study					
1 Study Orientation	4	0	4	8	\$ 1,560
2 Financial & Labor Time Inputs	12	0	12	24	\$ 4,680
3 Labor Time Valuation	6	0	8	14	\$ 2,730
4 Fee Design	10	2	8	20	\$ 3,900
5 Cost of Service Analysis	24	2	40	66	\$ 12,870
6 Cost Recovery & Impact Analysis	16	2	24	42	\$ 8,190
7 Reporting, Admin. Record, & Tools	6	2	8	16	\$ 3,120
8 Review, Engagement, & Approval	12	0	6	18	\$ 3,510
Subtotal for Single Element	90	8	110	208	\$ 40,560
GRAND TOTAL NOT TO EXCEED	96	71	133	300	\$ 58,500

EXHIBIT B

INSURANCE REQUIREMENTS

The City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances. If the existing policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement, or endorse the policies to do so.

Without limiting the indemnity provisions of this Agreement, the Consultant shall procure and maintain in full force and effect during the term of this Agreement, the following policies of insurance.

1. Minimum Scope and Limit of Insurance

- A. **Commercial General Liability (CGL)** which affords coverage at least as broad as Insurance Services Office “occurrence” form CG 00 01, including products and completed operations, property damage, bodily injury, and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

- B. **Automobile Liability Insurance** with coverage at least as broad as Insurance Services Office Form CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, coverage for hired autos (Code 8) and non-owned autos (Code 9) with limit no less than \$1,000,000 each accident for bodily injury and property damage.

- C. **Workers’ Compensation** as required by the State of California with statutory limits, and Employer’s Liability Insurance with a limit of not less than \$1,000,000 per accident for bodily injury or disease.

- D. **Professional Liability** with limit of not less than \$1,000,000 each claim and \$2,000,000 aggregate. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusion that may potentially delete coverage for the work to be performed.

2. Endorsements

Insurance policies shall not be compliant if they include any limiting provision or endorsement contrary to this Agreement, including but not limited to restricting coverage to the sole liability of consultant, excluding contractual liability or excluding third party over actions. The following endorsements shall be provided to the City.

A. **Commercial General Liability and Automobile Liability Policies:**

- 1. **Additional Insured:** The City, its elected officials, officers, employees, volunteers, boards, agents, and representatives are to be covered as additional insureds for the liability and defense of suits or claims arising out of the work or operations performed by or on behalf of Consultant including materials, parts or equipment furnished in connection with such work or operations.

The commercial general liability additional insured endorsements shall be at least as broad as ISO Form(s) CG 20 10 11 85; CG 20 10, or CG 20 26.

2. **Primary and Non-Contributory:** This insurance is primary to and will not seek contribution from any other insurance whether primary, excess, umbrella, or contingent insurance, including deductible, or self-insurance available to the City, its elected officials, officers, employees, volunteers, boards, agents, and representatives as additional insureds.

The Commercial General liability primary endorsements shall be at least as broad as ISO CG 20 01 04 13.

B. Workers' Compensation:

1. **Waiver of Subrogation:** Any right of subrogation against the City, its elected officials, officers, employees, volunteers, boards, agents, and representatives shall be waived.

3. Insurance Obligations of Consultant

The City requires and shall be entitled to the Consultant's broader coverage and/or the higher limits if Consultant maintains broader coverage and/or higher limits than the minimums shown above. Any available insurance proceeds excess of the specified minimum limits of insurance and coverage shall be available to the City. No representation is made that the minimum insurance requirements of this Agreement are sufficient to cover the obligations of Consultant under this Agreement.

4. Notice Of Cancellation

Required insurance policies shall not be cancelled or coverage reduced until thirty (30) days written notice of cancellation has been served upon the City, except ten (10) days shall be allowed for non-payment of premium.

5. Waiver Of Subrogation

Required insurance policies shall not prohibit Consultant from waiving the right of subrogation prior to a loss. The Consultant shall waive all rights of subrogation against the indemnified parties and policies shall contain or be endorsed to contain such a provision. This provision applies regardless of whether the City has received a waiver of subrogation endorsement from the insurer.

6. Evidence Of Insurance

All policies, endorsements, certificates, and/or binders shall be subject to approval by the City as to form and content. These requirements are subject to amendment or waiver only if approved in writing by the City. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

7. **Self-Insured Retention**

Self-insured retentions (SIR's) must be declared to and approved by the City. The City may require Consultant to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the SIR. The policy language shall provide, or be endorsed to provide, that the SIR may be satisfied by either the named insured or the City. Self-insured retentions shall be the sole responsibility of Consultant or subcontractor who procured such insurance. The City may deduct from any amounts otherwise due Consultant to fund the SIR. The policy must also provide that defense costs, including the allocated loss adjustment expenses, will satisfy the SIR.

8. **Contractual Liability**

The coverage provided shall apply to the obligations assumed by Consultant under the indemnity provisions of this Agreement.

9. **Failure To Maintain Coverage**

The Consultant agrees to suspend and cease all operations hereunder during such time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to the City. The City shall have the right to withhold any payment due until the Consultant has fully complied with the insurance provisions of this Agreement. If the Consultant's operations are suspended for failure to maintain required insurance coverage, Consultant shall not be entitled to an extension of time for completion of the work because of production lost during suspension.

10. **Acceptability Of Insurers**

Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law. Any other rating must be approved in writing by the City.

11. **Claims Made Policies**

If coverage is written on a claims-made basis, the retroactive date of such insurance and all subsequent insurance shall coincide or precede the effective date of Consultant's initial Agreement with the City and continuous coverage shall be maintained, or an extended reporting period shall be exercised for a period of at least ten (10) years from termination or expiration of this Agreement.

12. **Excess Umbrella Liability Policies**

If any excess or umbrella liability policies are used to meet the limits of liability required by this Agreement, then said policies shall be "following form" of the underlying policy coverage, terms, conditions, and provisions and shall meet all the insurance requirements stated in this Agreement, including, but not limited to the additional insured, primary & non-contributory and waiver of subrogation insurance requirements stated herein. No insurance policies or self-insurance maintained by the City, whether primary, reinsurance or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until Consultant's primary and excess/umbrella liability policies are exhausted.

13. **Insurance For Subcontractors**

Consultant shall be responsible for causing subcontractors to purchase the same types and limits of insurance in compliance with the terms of this Agreement, including adding the City as an additional insured, providing primary and non-contributory coverage and waiver of subrogation to the subcontractor's policies.

EXHIBIT C
CERTIFICATES OF INSURANCE AND ENDORSEMENTS



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
08/26/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Clarion Pacific Insurance 2035 N. Pacific Ave. Santa Cruz, CA 95060 Ryan Deane	831-337-4661	CONTACT NAME: Coryn Gardiner PHONE (A/C, No, Ext): 831-337-4661 FAX (A/C, No): 831-612-1810 E-MAIL ADDRESS: coryn@pac-risk.com																					
INSURED Clearsource Financial Consulting 7960 Soquel Dr. ste: B363 Aptos, CA 95003		<table border="1"> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A :</td> <td>Hartford Insurance Company</td> <td>30104</td> </tr> <tr> <td>INSURER B :</td> <td>Travelers Property Casualty Co</td> <td>25658</td> </tr> <tr> <td>INSURER C :</td> <td>Philadelphia Indemnity</td> <td>18058</td> </tr> <tr> <td>INSURER D :</td> <td></td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A :	Hartford Insurance Company	30104	INSURER B :	Travelers Property Casualty Co	25658	INSURER C :	Philadelphia Indemnity	18058	INSURER D :			INSURER E :			INSURER F :		
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INSURER C :	Philadelphia Indemnity	18058																					
INSURER D :																							
INSURER E :																							
INSURER F :																							

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.


INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	X		57SBABB8VBF	12/09/2024	12/09/2025	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
A	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			57SBABB8VBF	12/09/2024	12/09/2025	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y / N N / A If yes, describe under DESCRIPTION OF OPERATIONS below			UB-8M759710-25-42-G	01/01/2025	01/01/2026	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Professional Liab			PHSD1877131-000	12/09/2024	12/09/2025	Occurrence 2,000,000 Aggregate 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The City of La Habra, its elected officials, officers, employees, volunteers, boards, agents, and representatives are named as additionally Insured per form SL 30 32 06 21 with respect to the operations of the named insured. Coverage applies on primary and non-contributory basis. Attached waiver of subrogation applies to workers compensation coverage. 30 day ***

CERTIFICATE HOLDER

CANCELLATION

City of La Habra 110 E La Habra Blvd. La Habra, CA 90631	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE _____ 
--	---

NOTEPAD:

HOLDER CODE

INSURED'S NAME **Clearsource Financial Consulting**

CLEAR-1

OP ID: CG

PAGE 2

Date **08/26/2025**

*** notice of cancellation, 10 day notice for non-payment of premium.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.



BLANKET ADDITIONAL INSURED BY CONTRACT

This endorsement modifies insurance provided under the following:

BUSINESS LIABILITY COVERAGE FORM

Except as otherwise stated in this endorsement, the terms and conditions of the Policy apply.

A. The following is added to Section C. WHO IS AN INSURED:

Additional Insureds When Required By Written Contract, Written Agreement Or Permit

The person(s) or organization(s) identified in Paragraphs a. through f. below are additional insureds when you have agreed, in a written contract or written agreement, or when required by a written permit issued by a state or governmental agency or subdivision or political subdivision that such person or organization be added as an additional insured on your Coverage Part, provided the injury or damage occurs subsequent to the execution of the contract or agreement, or the issuance of the permit.

A person or organization is an additional insured under this provision only for that period of time required by the contract, agreement or permit.

However, no such person or organization is an additional insured under this provision if such person or organization is included as an additional insured by any other endorsement issued by us and made a part of this Coverage Part.

The insurance afforded to such additional insured will not be broader than that which you are required by the contract, agreement, or permit to provide for such additional insured.

The insurance afforded to such additional insured only applies to the extent permitted by law.

The limits of insurance that apply to additional insureds are described in Section D. **LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**. How this insurance applies when other insurance is available to an additional insured is described in the Other Insurance Condition in Section E. **LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS**.

a. Vendors

Any person(s) or organization(s) (referred to below as vendor), but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

(1) The insurance afforded to the vendor is subject to the following additional exclusions:

This insurance does not apply to:

- (a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- (b) Any express warranty unauthorized by you;
- (c) Any physical or chemical change in the product made intentionally by the vendor;
- (d) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- (e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- (f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.



- (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
 - (h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
 - (i) The exceptions contained in Paragraphs (d) or (f); or
 - (ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
 - (2) This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
- b. Lessors Of Equipment**
- (1) Any person or organization from whom you lease equipment; but only with respect to their liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.
 - (2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after you cease to lease that equipment.
- c. Lessors Of Land Or Premises**
- (1) Any person or organization from whom you lease land or premises, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land or premises leased to you.
 - (2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:
 - (a) Any "occurrence" which takes place after you cease to lease that land or be a tenant in that premises; or
 - (b) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.
- d. Architects, Engineers Or Surveyors**
- (1) Any architect, engineer, or surveyor, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
 - (a) In connection with your premises;
 - (b) In the performance of your ongoing operations performed by you or on your behalf; or
 - (c) In connection with "your work" and included within the "products-completed operations hazard", but only if:
 - (i) The written contract, written agreement or permit requires you to provide such coverage to such additional insured; and
 - (ii) This Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".
 - (2) With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services, including:

 - (i) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
 - (ii) Supervisory, surveying, inspection, architectural or engineering activities.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "bodily injury", "property

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.



damage", or "personal and advertising injury" arises out of the rendering of or the failure to render any professional service.

e. State Or Governmental Agency Or Subdivision Or Political Subdivision Issuing Permit

- (1) Any state or governmental agency or subdivision or political subdivision, but only with respect to operations performed by you or on your behalf for which the state or governmental agency or subdivision or political subdivision has issued a permit.
- (2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:
 - (a) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the federal government, state or municipality; or
 - (b) "Bodily injury" or "property damage" included within the "products-completed operations hazard".

f. Any Other Party

- (1) Any other person or organization who is not in one of the categories or classes listed above in Paragraphs a. through e. above, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
 - (a) In the performance of your ongoing operations performed by you or on your behalf;
 - (b) In connection with your premises owned by or rented to you; or
 - (c) In connection with "your work" and included within the "products-completed operations hazard", but only if:
 - (i) The written contract, written agreement or permit requires you to provide such coverage to such additional insured; and
 - (ii) This Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".
- (2) With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

 - (a) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
 - (b) Supervisory, surveying, inspection, architectural or engineering activities.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "bodily injury", "property damage", or "personal and advertising injury" arises out of the rendering of or the failure to render any professional service described in Paragraphs f.(2)(a) or f.(2)(b) above.



- (1) You or any additional insured under this Coverage Part that is an individual;
- (2) Any partner, if you or an additional insured under this Coverage Part is a partnership;
- (3) Any manager, if you or an additional insured under this Coverage Part is a limited liability company;
- (4) Any "executive officer" or insurance manager, if you or an additional insured under this Coverage Part is a corporation;
- (5) Any trustee, if you or an additional insured under this Coverage Part is a trust; or
- (6) Any elected or appointed official, if you or an additional insured under this Coverage Part is a political subdivision or public entity.

This Paragraph f. applies separately to you and any additional insured under this Coverage Part.

3. Legal action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this insurance or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom a claim is made or "suit" is brought.

5. Representations

a. When You Accept This Policy

By accepting this Policy, you agree:

- (1) The statements in the Declarations are accurate and complete;
- (2) Those statements are based upon representations you made to us; and
- (3) We have issued this Policy in reliance upon your representations.

b. Unintentional Failure To Disclose Hazards

If unintentionally you should fail to disclose all hazards relating to the conduct of your business at the inception date of this Coverage Part, we shall not deny any coverage under this Coverage Part because of such failure.

6. Other Insurance

If other valid and collectible insurance is available for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If other insurance is also primary, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

(1) Your Work

That is Fire, Extended Coverage, Builder's Risk, Installation Risk, Owner Controlled Insurance Program or OCIP, Contractor Controlled Insurance Program or CCIP, Wrap Up Insurance or similar coverage for "your work";



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

ENDORSEMENT WC 04 03 06 (01) – 028

POLICY NUMBER: **UB-8M759710-25-42-G**

**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS
ENDORSEMENT-CALIFORNIA**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

THE ADDITIONAL PREMIUM FOR THIS ENDORSEMENT SHALL BE 5.00% OF THE CALIFORNIA WORKERS' COMPENSATION PREMIUM OTHERWISE DUE ON SUCH REMUNERATION.

SCHEDULE

PERSON OR ORGANIZATION

CITY OF LA HABRA

JOB DESCRIPTION

**COST OF SERVICE
ANALYSIS**