

September 7 2016

Ms. Jenny Torres  
Community Development Director  
City of San Luis  
1090 East Union St  
San Luis AZ 85349

Dear Ms. Torres:

Thank you for allowing **Willdan/Economists.com** the opportunity to present this proposal to provide an economic evaluation and benefit analysis of three proposed projects to be completed within the City of San Luis (“The City”). We are an economic and financial consulting firm, with offices throughout the United States. Our principal clients are national, state and local governments. Our firm contains professionals with decades of experience in economic development projects and water and wastewater utility operations and economic/financial management. Our specific services include:

- **Water and Wastewater Rate Studies**
- Sanitation Rate Studies
- Economic evaluation of water resources
- Water Planning and Management
- Connection and Impact Fee Studies
- Economic Development Cost Benefit Analyses
- Privatization Analysis
- Expert Witness Testimony on Reasonableness of Rate Structure
- Resource Allocation Studies
- Economic Impact and Development Studies

More information is available on our firm and professionals at our web site, [www.economists.com](http://www.economists.com) and [www.willdan.com](http://www.willdan.com). We have served as rate consultants to the City since 2005. As you are aware, in April 2015 Economists.com was acquired by Willdan Financial Services. However, the same group of professionals who have served the City for the past decade will continue to serve the City for this engagement.

As Vice President of Willdan/Economists.com, I will manage and have primary responsibility for preparing this study for the City. I will be assisted by Tara Hollis, Project Manager.

It is our understanding that the City is interested in preparing an analysis of the overall economic benefit to the City of three potential new developments. These developments are:

- 1) A new Hotel development
- 2) Internal improvements and overhaul of an existing office building
- 3) A new facility for the assembly of solid waste carriers

For each of these projects, the City is being asked to provide either tax abatements or lease cost discounts in exchange for the new development.

The objective of our analysis will be to determine whether the economic benefit to the City is forecast to exceed the present value of the tax abatements and other contributions being requested from the City. To complete this engagement we will undertake the following tasks for each development:

- 1) We will interview City staff and gather the required background information, including City files, MOUs, state statutes and other relevant data.
- 2) Using the data gathered in Task #1 above, we will analyze and present a forecast estimate of the total cost to the City for each development.
- 3) We will utilize a combination of analysis of existing economic conditions and the use of RIMS-based multiplier impacts to calculate the economic and financial benefit to the City of each development. This will include a combination of property taxes, new jobs created, additional City services rendered (i.e. water, wastewater, sanitation), and other impacts. The result will be a forecast for a 10-20 year period of the net benefit to the City from each new development.
- 4) We will summarize our findings into a formal report to be presented to the City.
- 5) If requested, we will conduct one meeting with City staff and Council to go over our findings and analysis.



As you are aware, reports of this nature are frequently subjected to a significant degree of review by “watchdog groups” and other consumer-based organizations. Therefore it is imperative that sufficient time, energy and resources be devoted to each of these undertakings. While we are sensitive to budget constraints and limitations, we want to ensure that our final product meets the standards set by the City and is able withstand evaluation by potentially hostile parties.

**Table 1** on the following page presents our estimated professional fees for each individual assessment. As the table reveals, we will complete each project on a stand-alone basis for fees not to exceed \$8,000. Expenses would only be incurred should the City seek to have a face to face meeting to review the report’s findings; therefore expenses would be additional and would be billed at cost. Finally, if all three projects are chosen to be completed at the same time, we



would be able to offer a discount of 25% on our already-low rates. This means that if the projects are all authorized together, we would do each project for professional fees of \$6,000, or all three for total professional fees of \$18,000.

Table 1

<b>City of San Luis, AZ</b> <b>Not-to-Exceed Professional Fee Estimate</b> <b>Economic Feasibility Analysis</b>		 		<b>Team Member and Hourly Rate</b>			<b>Total</b>	
				D. Jackson (PIC)	T. Hollis (PM)	Support Staff	Hours	Cost
<b>Task</b>		\$ 200	\$ 175	\$ 50				
Hours								
<b>Per Project</b>								
<b>Task 1:</b> Data Collection/Review		2.0	6.0	-	8.00		1,450	
<b>Task 2:</b> Financial Assumptions/Scenario Analysis/ Projections		2.0	16.0	-	18.00		3,200	
<b>Task 3:</b> Letter Report		2.0	8.0	1.0	11.00		1,850	
<b>Task 4:</b> Meetings/Calls/Etc.		4.0	4.0	-	8.00		1,500	
Total Professional Fees		<u>10.0</u>	<u>34.0</u>	<u>1.0</u>	<u>45.00</u>	<b>\$</b>	<b><u>8,000</u></b>	
<b>Total Fees</b>								
<b>Total if All Projects Completed Together</b>								
		<b>Total Separate</b>		<b>Percent</b>	<b>Total</b>			
Project #1 -- Hotel		\$ 8,000		25%	\$ 6,000			
Project #2 -- Office Renovation		8,000		25%	6,000			
Project #3 -- Manufacturer		8,000		25%	6,000			
<b>Combined Total for All Projects</b>		<b>24,000</b>			<b>18,000</b>			

Willdan/Economists.com reserves the right to invoice for services on a monthly basis. Payment is requested 30 days after receipt of each invoice.



If this proposal is acceptable to you, please execute one copy of this letter and return it to our Dallas office. Thank you for this opportunity; we look forward to working with you on this important engagement.

Respectfully submitted,  
**WILLDAN FINANCIAL SERVICES**



**Dan V. Jackson**  
**Vice President**

ACCEPTED BY:

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Date

