

PROPOSAL

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SUBMITTED BY:

J. BRADLEY BURGESS
EXECUTIVE VICE PRESIDENT
2251 HARVARD STREET, SUITE 134
SACRAMENTO, CA 95815
916.443.3411
bburgess@mgtconsulting.com

PATRICK DYER
VICE PRESIDENT, FINANCIAL SOLUTIONS
2251 HARVARD STREET, SUITE 134
SACRAMENTO, CA 95815
916.443.3411
pdyer@mgtconsulting.com

CANNABIS FEE STUDY

MONTEREY COUNTY, CALIFORNIA
USER FEE STUDY FOR CANNABIS LICENSE FEES

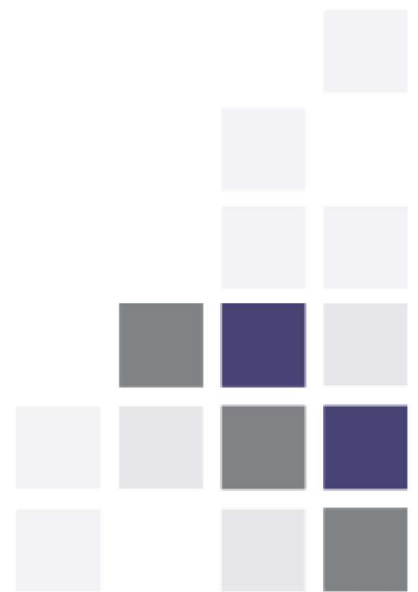


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CHAPTER I – PROPOSAL SUMMARY

Monterey County (County) has requested consulting assistance to determine fees related to the issuance of licenses for cannabis growers, processors and retailers. MGT has assisted the County on many cost of service analyses. We have also assisted many cities, counties and states on determining the costs of cannabis licensing and enforcement.

This project will focus on license issuance. The County has indicated that four departments are involved in issuing licenses:

Department	FY 2020 Budgeted Salaries
County Counsel	\$6,449,113
Environmental Health	\$8,520,846
Resource Management Administration	\$4,315,515
Cannabis Office	\$198,162

The Cannabis Office is a unit with the Office of the CAO. As MGT calculated in the latest Central Service Cost Allocation Plan (CAP), the total cost of direct and indirect costs of this office totaled \$679,179.

The goal of this project is to determine the total direct and indirect costs of licensing growers, processors and retailers. The County lists 14 different commercial permit types on its Commercial Cannabis Business Permit Application. Most governments use a variety of license categories to reflect inside/outdoor grow facilities, size of facility, and various roles in the “seed to sale” process.

Fees often vary by application type as communities tend to increase fees for larger operators. MGT recently analyzed the costs of cannabis licenses for Santa Cruz County. MGT developed license application fees for four distinct cannabis business types and developed options for the County that enabled flexible cost and recovery options to address the needs of a community with significant activity in this emerging industry. A summary is presented below.

	License Cultivation	License Dispensary	License Manufacturing	License Dist/Other
Option A				
1 Total Costs Allocations	\$ 664,468	\$ 224,331	\$ 364,283	\$ 80,266
2 Licenses Expected for 2017-18 Year	30	12	10	3
3 Estimated Cost Per License	\$ 22,149	\$ 18,694	\$ 36,428	\$ 26,755
Option B				
1 Total Costs Allocations	\$ 664,468	\$ 224,331	\$ 364,283	\$ 80,266
2 Licenses (3 year Average Expected)	133	12	70	6
3 Estimated Cost Per License	\$ 4,996	\$ 18,694	\$ 5,204	\$ 13,378
	Fee Reduced by Using 3yr Avg	77.4%	0.0%	85.7%
<i>Estimated Cost per License (3) = Total Cost (1) divided by Licenses (2).</i>				

RECOMMENDED APPROACH

We suggest the following approach for this assignment.

Task 1.0: REVIEW HISTORICAL FEE STRUCTURE & FEE COLLECTION DATA

With our years of experience in helping other cities and states implement cannabis regulations, MGT will review the County's historical fee structure and fee collection data. MGT will use this fee schedule to populate its fee models. MGT's Microsoft Excel-based model can quickly analyze the costs and projected revenues based on the annual license counts or anticipated activity levels. MGT's proprietary model can also assist with identifying cost recovery, subsidies and which fee items generated the most revenue for MED.

- 1.1 MGT will conduct a comprehensive review of the County's current fees, fee structures, and overall user friendliness presented by the current fee schedule. This review will identify any obsolete fees based on the County's current activity and process. We will create an inventory of all the user fee services provided by the County.
- 1.2 Using our experience in other jurisdictions and our extensive database of fees, we will create an inventory of potential new user fee services that are currently provided by the County but have no corresponding current revenue.

Data to be collected by MGT during this task will include:

1. Expenditure Reports: Actual expenditure costs at object code level (summarized) for each department/division/unit involved in delivering licensing services.
2. Actual Salary & Actual Benefit Data: Listed by department, employee, and title
 - a. The assigned salary for FY 2020-2021 or the actual salary with the number of hours worked.
 - b. The benefit rate assigned, or actual benefit paid on the actual salary.
 - c. A general salary schedule used during upcoming FY
3. Organization Charts or Personnel Listing: By department, by personnel allocation
4. Cost Allocation Plan – MGT will use the CAP data developed using FY 2019 actual costs. We can update these allocations using CPI factors.
5. Proposed Department Budget for current fiscal year (if available):
6. Fee Schedule
7. Revenue Report
8. Workload Analysis or any time studies related to fee activity

Exhibit 1: Client Data to be Collected by MGT

KEY DELIVERABLES:

- Data collection checklist
- Fee inventory memo outlining universe of County cannabis fees, obsolete fees, new fees and planned structure/method changes.

Task 2.0: CONDUCT TREND ANALYSIS OF LICENSE TYPES, COUNTS AND FEES

- 2.1 Collect license type, count and fee amounts for past three years.
- 2.2 Analyze trends for all license types. Identify types with largest variances and largest share of revenues and provide additional detail on those types for MED review.
- 2.3 This information will be used to guide the following task of simulating scenarios and recommending a new fee structure in tasks 4, 5 and 6.

KEY DELIVERABLES:

- Three-year trend analysis of licenses, types and fees
- Additional detail on key license types with large variances and largest share of County revenues
- Presentation of MGT’s analysis and how results will impact Tasks 3, 4 and 5. County staff feedback will be accepted and addressed.

Task 3.0: ESTIMATE FUTURE LICENSE COUNTS BY TYPE

- 3.1 MGT will discuss future license counts by type based on the analysis of historical data and input from the County on anticipated future activity.

KEY DELIVERABLES:

- Projected future license counts by type for next 2-3 years.
- Crosswalk (as needed) to new structure or recommended new fee amounts

Task 4.0: CONDUCT COST ANALYSIS

- 4.1 MGT will conduct a detailed “bottom up” cost analysis for all cannabis license types that the County is responsible for.
- 4.2 Using the financial and staffing information and user fee inventory collected in earlier tasks, MGT will develop data gathering workbooks to be used when interviewing County personnel. MGT will pre-populate our Excel-based user fee model with staffing and budget information, user fee services, and other support or non-fee related functions. These workbooks are extremely helpful in facilitating discussion about how user fee services are provided and will also provide the County with a comprehensive view of resource allocation and utilization for each department included in the study.
- 4.3 MGT will prepare an allocation to the various fee activities associated with all cannabis license types issued by the County. Typical fee categories with other MGT clients have included and are not limited to: General Cannabis Business Application followed by specific fees for

Cultivation, Dispensaries, Deliveries, Manufacturing, Laboratory and other local designations/licenses and non-fee activity.

- 4.4 MGT will interview department, divisions or units providing user fee services. In these interviews, we will compile the following information related to the user fee services provided:
 - A unit of measurement for each user fee service provided.
 - The personnel providing each user fee service.
 - The amount of time spent to provide one unit of a user fee service.
 - The amount of time spent per year providing all user fee services.
- 4.5 Fees will be driven time studies or professional estimates to build a full-cost that is based on the County staff effort to complete the licensing and fee related activities. Where fees are based on hourly rates, we will calculate average hourly rates by job title.
- 4.6 Review of the draft allocations and full cost fees
- 4.7 Divide the full-costs for each activity by the anticipated number of licenses
- 4.8 MGT plans to use FY 2020-2021 budgeted cost information and anticipated fee activity during same period.
- 4.9 MGT will be on-site to collect time data, interview staff and finalize study assumptions.
- 4.10 MGT will enter data into the firm’s user fee calculation model, including any indirect costs that are not captured by the County expenditures. We will then calculate the full direct costs and indirect costs of each existing and potential new user fee service.
- 4.11 The user fee schedules created in this task are extremely detailed. Every cost component of the user fee service is identified and supported by detailed, yet clearly and concisely presented calculations. MGT will identify and compare services cost with existing recovery levels. Up to three versions of the draft schedules are included in this scope.
- 4.12 Present final fee recommendations to stakeholders and County management. MGT budget includes not more than two (2) presentations of the fee results.
- 4.13 Edit and recalculate fees based on feedback from the County.

KEY DELIVERABLES:

- Complete fee calculation model with full-cost calculation, comparison to current revenue, subsidy, and future revenues based on anticipated volume/activity.

Task 5.0: SIMULATE DIFFERENT SCENARIOS

MGT will conduct several simulated “what if” scenarios to ensure that future fees consider variances in the following areas:

- ◆ Labor Cost Changes
- ◆ Efficiencies
- ◆ Historical Trends (Increasing, Decreasing or Status Quo)
- ◆ Future Licensing Demand Changes

◆ Other Non-Labor Costs Changes

MGT's **Cannabis License Fee Cost Analysis**® software makes this step easy to perform and provides a visual representation of the results which makes explaining your agency's methodology and approach easy and clear.

KEY DELIVERABLES:

- Three expected scenarios jointly determined based on prior tasks analysis.
- Additional detail on key scenarios with large cost implications and largest share of County revenues.

Task 6.0: PROPOSE NEW FEE STRUCTURE

- 6.1 MGT will propose a new fee structure based on the analyses completed in tasks 1-5. The new structure will incorporate information on existing fees, as well as potential new user fee services that are currently provided by County but have no corresponding current revenue.
- 6.2 When MGT designs a new fee structure for a client, it emphasizes the following:
- ◆ Creating a clear simple fee schedule that is not overly complex
 - ◆ Understandable fees that are explainable and have a clear connection to costs
 - ◆ Grouping or consolidating like costs/fees so that the list of fees is minimized where appropriate

KEY DELIVERABLES:

- Updated recommended fee structure
- Rationale for any additions, omissions and/or structure changes

Task 7.0: PROVIDE FINAL REPORT

MGT will prepare a final report of findings with three main areas of focus:

- License Counts & Projections
- Comparison of Fees to Revenues
- Cost Benefit Analysis and Final Recommendations

MGT will prepare final user fee study summary schedules displaying costs and revenues of each existing and potential user fee service. The user fee summary schedules will include the following information:



- ◆ Master Fee Schedule
- ◆ A comprehensive list of all user fees by department
- ◆ Combining of costs incurred by more than one department
- ◆ Current fees charged
- ◆ The full cost of providing each user fee activity
- ◆ The subsidy (or over-recovery) of each fee
- ◆ Recommended adjustments to each fee
- ◆ A summary user fee cost analysis for each fee (shown here). This summary page is a terrific way to see the pertinent elements of cost for every fee charged by the MED without having to dig through a large final user fee report. Citizens and staff members who work with them really appreciate these individual summaries.
- ◆ MGT will provide the County with the reports in a variety of formats: PDF, XLS or Word, whichever is appropriate and most useful to the County.

City of Beverly Hills - User Fee Dashboard			Ord #2
Home Dept: Planning Fee Name: Vesting Tentative Parcel Map Fee Structure: Flat Annual Volume: 3 Current Fee: \$14,744			
Notes			
The approval or conditional approval of a vesting tentative map shall confer a vested right to proceed with development in substantial compliance with the ordinances, policies, and standards described in Section 66474.2 of the Government Code.			
Cost Components			
Tasks	Hours	Cost	
Intake and consultation	4.00	\$792	
Review submittal, routing, coord. w/other depts.	20.00	3,959	
Corrections plus 30 day letter	4.50	891	
Resubmittal intake and review for completeness	11.50	2,276	
Prepare staff report and public notice	34.00	6,730	
Prepare presentation, attend hearing, final resolution,		0	
Prepare covenant agreement	20.50	4,058	
Close out	4.00	792	
Fee Cost Components			
		Direct	\$12,673.05
		Indirect	\$6,823.95
		Other	\$750.00
		Total	\$20,247.00
Specific Materials or Supplies	Quantity	Total	
Noticing & Advertising	1	\$750	
		Full Cost	\$20,247
		Recommended Fee	\$20,247
		Cost Recovery %	100%

Exhibit 2: Sample MGT User Fee Report Excerpt

Task 8.0: PRESENT RESULTS

- 8.1 MGT will present, or assist in presenting, the final user fee study results to outreach groups (e.g. Industry Association, chamber of commerce) and County officials. These presentations will include a Report of Findings, summarized information on a fee-by-fee basis and all detail reports.

Task 9.0: ONGOING SUPPORT & DEFEND FEES IF CHALLENGED

- 9.1 A hallmark of our client-centered approach is our desire to provide guidance, and assistance to all appropriate county officials and personnel on reading, understanding and applying the results of the user fee study, and the associated schedules and calculations.
- 9.2 We have not included a budget for staff time to defend the fees, calculations and methodology because it is not possible to estimate the level of effort required. We will invoice for this support on a time and materials basis.



PROJECT TIMELINE

Based on MGT’s understanding of the RFP requirements, **Exhibit 3** illustrates the project schedule to complete the cost accounting study and fee analysis. MGT anticipates the initial meeting to take place in mid-October. MGT’s goal is to deliver a draft report sometime in late December.

Exhibit 3. Proposed Project Schedule

Cost Accounting Study & Fee Analysis		Month:	October					November					December					January					On Going		
		Week:	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5			
0	Initial Meeting, Review Schedule & Goals																								
1	Review Historical Fee Structure																								
2	Conduct Trend Analysis of License County by Type																								
3	Project Future License Counts by Type																								
4	Conduct Cost Analysis of License / Application Activity																								
5	Simulate Different Scenarios																								
6	Propose New Fee Structure																								
7	Final Report																								
8	Present Results to Cannabis Office and CAO																								
9	Support & Defend Fees if Challenged (TBD)																								

COMPREHENSIVE USER FEE STUDY – SERVICES PROVIDED BY MGT CONSULTING

Legal Compliance - In California, it is essential that cities have an up-to-date and well-managed user fee program and Master Fee Schedule. MGT will assist the County to help ensure its fees are compliant with Prop 218 and 26, GC sections 54985 and 66014 as well as SB 330, which became effective in 2020 and restricts review fees for housing projects meeting certain criteria

Contextual Analysis – No two California agencies have the same set of user fees. MGT will interview County experts to determine what fees are actively charged, identify obsolete fees and new fee areas that need to be studied, calculated and instituted. Monterey’s fee schedule needs to fit its unique culture and set of services. This may be particularly helpful now that the department is responsible for long-range planning and code enforcement services. MGT understands best practice policies to recover these costs, including which costs are appropriately recovered through fees and which are best subsidized by the General Fund.

Full-Cost Analysis –Every job title in each user fee department is analyzed and we allocated time to fee and non-fee activities. We will review what it costs the County to do the work when costs are not solely in the one department. The County will have an accurate understanding of the current General Fund

fee-related subsidy at the micro and macro levels. The County will receive a schedule with all appropriate fees and charges with current and recommended subsidy recommendations (when full-cost recovery is unrealistic).

Innovative Approaches – We work across the country with clients and states that have different methods of charging and different legal requirements. Because we adapt to client environments, we have developed a variety of tools to fit the circumstances of the client, rather than forcing client facts into only one type of analytical template. At MGT we periodically review our services with an eye toward improving service or project efficiency. Recently, we compiled fee time data from our previous development fee studies, resulting in a large sample of development fee time information.

Rarely, if ever, do clients supply us with timesheets recording time actually spent by activity. In lieu, the industry standard is to use time estimates. That requires validation. We are able to use our data on time by activity from other clients to facilitate your team’s effort to describe time efforts by activity. Typically, this information is only referenced if the County’s subject matter experts are unsure of a certain process and could benefit from knowledge of industry standard time data. We emphasize with staff that this information can be used as a barometer, understanding that the County’s processes are unique to the County.

Social Justice & Equity – User fees have the possibility of being regressive – being relatively more expensive for lower-income applicants. More and more agencies consider social justice and equity (SJE) factors when developing and updating their master fee schedule. For example, the City of Burbank engaged MGT to calculate and implement public transit fees that provide a reduced charge for certain under privileged groups. We are also currently assisting King County Environmental Health in Seattle to calculate their user fees with a strong SJE component. In many cases, the cost aspect isn’t the barrier; it’s often proximity to services or exclusion due to the digital divide.

OUR FEE STUDY PROJECTS DELIVER ADVANTAGES TO MONTEREY COUNTY

Defensible & Transparent Calculation Methodology. Our user fee models are rigorous, accurate and proven. They are also transparent, with services, costs, cost recovery, and subsidies all identified and presented in a comprehensive fashion. Our methodology and calculations are straight-forward and easy to audit.

Deep Experience in Monterey County. Our project team has worked with governments like Montgomery County for over 25 years. We have a local perspective that is unique among consulting firms.

Expert Advice. Our project manager and technical advisor both have over 30 years of development user fee experience. MGT takes great pride in imparting expert advice regarding industry best practice fee structures and fee policies. We are also experienced with the protocols necessary to present your senior management with fee schedules that reflect County priorities and the needs of the community and licensees. We will not impose our preferences on the County but will draw on our experience to ensure your direction is reflected in the fee and policy proposals.

Experience, Exceptional Staff & Immediate Availability. The MGT Financial Solutions team has annually prepared over 50 user fee studies over the past five years, with access to over 100 studies for comparative purposes. Our lead subject experts, Mr. Jeff Wakefield and Mr. Jerrold Wolf are both nationwide experts in development user fee analysis and best practices. Because we have exceptional in-house expertise, we will not use any subcontractors on this project.



User Fee Expertise and Strategies. MGT’s proposed team focuses primarily on user fees. We have developed data acquisition strategies that are not disruptive to County staff yet garner high confidence from both staff and County management.

Efficiency and Value. MGT’s thorough understanding of the development process (we conduct several development process management/streamlining studies annually) enables us to obtain statistically valid data with the least disruption to County staff. We have listed several examples within our approach where we have previously leveraged strategies or innovative methods to obtain data in a time-saving manner.

MGT CONTACT INFORMATION

PROJECT LEADER	<p>Patrick Dyer, Vice President 2251 Harvard St., Ste. 134 Sacramento, CA 95815 P: 916.443.3411 Email: pdyer@mgtconsulting.com</p>
MGT HEADQUARTERS	<p>MGT of America Consulting, LLC 4320 West Kennedy Boulevard Tampa, Florida 33609 P: 813.327.4717 Fax: 850.385.4501 www.mgtconsulting.com FEIN: 81-0890071</p>
INDIVIDUALS AUTHORIZED TO COMMIT FIRM	<p>J. Bradley Burgess, Executive Vice President 2251 Harvard St., Ste. 134 Sacramento, CA 95815 P: 916.443.3411 Email: jburgess@mgtconsulting.com</p> <p>Dr. Fred Seamon, Executive Vice President 516 North Adams Street Tallahassee, Florida 32301 P: 850.386.3191 E-mail: fseamon@mgtconsulting.com</p> <p>A. Trey Traviesa CEO and Chairman of the Board 4320 West Kennedy Boulevard, Suite 200 Tampa, Florida 33609 P: 850.386.3191 E-mail: ttraviesa@mgtconsulting.com</p>

We encourage you to visit our website, www.mgtconsulting.com, to learn more about MGT Consulting Group’s offerings, and to read several of our case studies to understand how MGT has created value for each of our several hundred clients each year.

CHAPTER 2 – FIRM PROFILE

MGT HISTORY AND ORGANIZATION STRUCTURE

MGT of America Consulting, LLC (MGT) began operations in 1974, and has judiciously expanded its consulting capabilities over the years. We are a national consulting firm specializing in ***assisting public sector clients in operating more efficiently and effectively.*** A significant portion of MGT’s work is repeat business, reflecting the high level of customer satisfaction in the firm’s ability to do the job and do it right.

MGT is organized as a privately held, employee-owned and financially stable limited liability company with a deep roster of experienced cost allocation experts, resources, and desire to serve the public. MGT is owned by the current and retired partners, principals, and consultants of the firm. The advantage of this ownership structure to our clients is that every member of the firm has a vested interest in the successful completion of every project, for every client. This ownership structure creates a mindset that permeates through every MGT owner: ***we are continuously building a growing, yet stable firm based on trusting long-term relationships, both within the firm and with all our clients.***

MGT has acquired a keen understanding of the structures, operations, and issues facing public agencies. This understanding comes from **over 46 years** of extensive experience providing financial and management consulting services to state and local governments, and the prior work experience of our consultants. We are not the biggest, oldest, or highest profile consulting firm; just the best for combining firm qualifications and consultants’ cost allocation expertise with the needs of cities, counties and state agencies.

Prior to working as consultants, many of our consultants worked in government agencies as managers and staff. This inside knowledge and understanding of government gives our consultants an ability to hit the ground running from the very start of a project. MGT consultants understand what it means to work within constrained timelines, and the need to produce a product that concisely and clearly articulates findings and results.

FIRM PROFILE

MGT of America Consulting, LLC is a financially stable national consulting firm with local offices and 115+ staff throughout the country.

Founded in Florida in 1974 as a public-sector research firm, MGT has always taken pride in providing fiercely independent analysis and thoughtful advice to each client.

MGT Consulting is a privately held, employee-owned and quickly growing limited liability company with a deep roster of experienced cost allocation experts and resources.



MGT OFFICE LOCATIONS

MGT’s headquarters are in Tampa, Florida, with additional locations across the country. The project will be managed and staffed from our **Sacramento office**. Our team will include staff who have worked with other cities outside of California that have used both valuation and flat fees. We will bring this national perspective to the Monterey assignment.

NATIONAL FIRM LOCAL FOCUS

CALIFORNIA
Sacramento | Pasadena

COLORADO
Denver

FLORIDA
Tallahassee | Tampa

KANSAS
Wichita

ILLINOIS
Chicago

MASSACHUSETTS
Boston

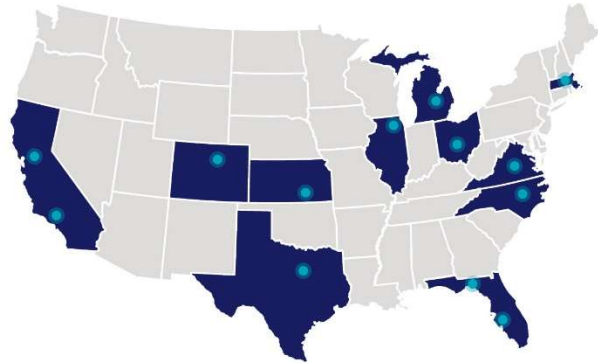
MICHIGAN
Bay City

NORTH CAROLINA
Raleigh

OHIO
Columbus

TEXAS
Dallas

VIRGINIA
Richmond



MGT employs **over 115 professionals** and is structured into several primary consulting divisions. The **MGT Financial Solutions Group** will be responsible for completion of the project. MGT Financial Solutions consists of **over 35 experienced costing consultants** – the largest group in our firm.

MGT MAJOR CONSULTING LINES OF BUSINESS



Government Consulting

Everything from an organizational analysis to a jail privatization study to a strategic plan to move an organization from reactive mode to proactive mode.



Diversity and Inclusion

Disparity research and diversity studies to provide an organization or community with a more equitable and inclusive environment.



Education Solutions

From student outcomes and performance, to operational effectiveness, our solutions have impacted more than 50 million students across the globe.



Financial Solutions

Our nationally-recognized experts help clients weather fluctuating market conditions and rising demands on their budgets using a variety of proven solutions.



Human Capital

Specializing in classification and compensation studies, this practice helps public agencies retain and attract the right talent.



Cyber Security and Technology

We help IT and Cyber leaders navigate and manage cyber threats through a Cyber Security Office program that provides an “a la carte” menu for customization.



THE MGT CONSULTING ADVANTAGE



MGT offers an expert **impartial perspective** on organizational structure, processes, and practices. As an independent entity, our only vested interest is that of our clients; therefore, we apply our extensive experience to generating objective independent solutions to meet our client needs.



MGT leverages **best-of-breed data sources** to inform policy development and service delivery. Our team balances “gold standard” resources with our unique past performance lessons learned. MGT is committed to offering useful recommendations that achieve real results and is ever-mindful of the practical and political realities the County may face.



MGT has an **extensive track record** of providing consulting services that are similar in scope to this project. Our solutions help the organizations we work with to more effectively and efficiently achieve their goals and serve constituents. We are committed to providing customized consulting services, objective research, creative solutions, and quality products that respond to each client's unique needs and time requirements.



MGT provides solutions which are **specifically tailored** to meet the needs of our clients. The MGT team has an impressive track record of providing customized solutions, objective research, creative recommendations, and quality products that respond to each client's unique needs and time requirements.

FINANCIAL STABILITY

As a long-standing contractor, MGT has the financial capacity to undertake and complete a project of this scope. MGT has been in continuous business since 1974 and has the necessary financial ability to perform the functions required by this RFP and to provide those services represented in this response. MGT does not anticipate any organizational changes that may impede our ability to complete any future projects. We have over 46 years of experience in providing sound, practical, implementable solutions to state and local governments around the country. MGT is fully bondable and financial statements are available upon request.

LITIGATION STATEMENT

MGT has not been involved in any litigation or court proceedings whereby a court or any other administrative agency has ruled against MGT in any matter related to the professional activities of our firm. There has been no litigation, major disputes, contract defaults or non-ordinary course of business liens against or involving MGT of America Consulting, LLC. Further, MGT of America Consulting, LLC is not aware of any potential or contemplated actions, disputes, defaults, or liens.

CHAPTER 3 – QUALIFICATIONS OF THE FIRM

Development user fee studies is one of MGT’s core services. Both project leads on our proposed team have over 30 years’ experience performing planning, building and engineering fee studies -both on the revenue side as well as on the process improvement/ management side. As a consulting group, we have delivered more user fee studies to governmental jurisdictions than all current competition combined. Our experience with user fee studies stretches back to the late 1980s when our senior consulting staff worked for David M. Griffith & Associates (DMG).

MGT’S USER FEE STUDY EXPERIENCE

MGT is thoroughly familiar with all relevant federal and state of California user fee requirements, such as the newly enacted Senate Bill 330 which governs housing project approvals. Our expert consulting team are proficient at managing user fee/cost plan projects exactly like the one requested by Monterey. Below is a listing of MGT’s California User Fee clients within the last five years.

MGT User Fee Clients		
CALIFORNIA		
City and County of San Francisco	City of Newport Beach	Butte County
City of Beaumont	City of Oxnard	County of Calaveras
City of Beverly Hills	City of Pomona	County of Los Angeles
City of Burbank	City of Port Hueneme	County of Monterey
City of Calistoga	City of Redlands	County of Sacramento Environmental Management Dept (EMD)
City of Corona	City of Rohnert Park	County of Stanislaus
City of Cypress	City of Sacramento Fire/Police Department	El Dorado County Public Health
City of Daly City	City of San Diego	Lassen County
City of Dublin	City of San Marcos	Mono County
City of Encinitas	City of Santa Ana	Napa County
City of Healdsburg	City of Santa Clara	Orange County
City of Industry	City of Santa Monica	San Diego Development Services Department
City of Inglewood	City of Solvang	San Juan Water District
City of La Habra	City of Vallejo	San Mateo County Sheriff
City of La Mesa	City of West Hollywood	Santa Barbara County
City of Long Beach	City of Whittier	Santa Barbara County EHS
	City of Woodland Fire Dept	Yolo County Community Services

PROJECT EXPERIENCE AND REFERENCES

MGT comes to the cannabis industry as an independent consultant. MGT is not affiliated nor do we represented any organizations that cultivate, process or sell cannabis-related products or services. Our independence gives us the freedom to collect and interpret data without bias. Clients know that our findings, conclusions and recommendations represent their interests and that they can rely on MGT without reservation.

We have successfully completed over 13,000 consulting assignments for state and local governments, and education agencies. A majority of these projects have been for repeat clients because they value the quality, professionalism and independence of our work.

MGT has supported many state and local governments on cannabis-related projects. These include:

STATE OF COLORADO – MARIJUANA ENFORCEMENT DIVISION | MARCH 2020 TO PRESENT

The Department’s Marijuana Enforcement Division retained MGT to review its current services, business processes, fee structures, and determine its service costs. The goal of the project is to review current fees and recommend a new fee structure and rates.

STATE OF MARYLAND – MEDICAL CANNABIS COMMISSION | JUNE TO DECEMBER 2017

The Maryland Medical Cannabis Commission hired MGT to help the State understand and evaluate the industries and activities that will be involved in the development and ongoing operation of a Maryland medical cannabis industry. Specifically, the Commission requested additional information regarding the North American Industry Classification System (NAICS) codes and spending, investment, and valuation patterns involved in the medical cannabis industry.

CITY AND COUNTY OF DENVER, COLORADO | JANUARY 2015 TO PRESENT

MGT used proprietary software to calculate the full cost of regulated marijuana within the City and County of Denver using FY15 actual costs. The full cost calculation included all appropriate direct and identified indirect costs. During this engagement, the MGT team interviewed and collected data from 20+ departments to develop a comprehensive understanding of the fiscal impacts of regulated marijuana in Denver. Public policy impacts were not a part of the study’s scope; however, it was impossible not to see firsthand what policies had succeeded and failed since the legalization of cannabis in January 2014. Some of the relevant take-aways that are applicable to MED’s project and may be of interest include:

- ◆ The City and County of Denver alone has 1,121 new cannabis-related businesses licensed.
- ◆ 60% of the businesses are medical; 40% are retail/recreational.
- ◆ The largest single sector of these new businesses is cultivation and growing at 53%.
- ◆ 13% of the medical businesses are manufacturers of infused food products or edibles.

COUNTY OF SANTA CRUZ, CALIFORNIA | DECEMBER 2018

The MGT project team examined the full cost of all cannabis license activities in Santa Cruz County. The County issues licenses for cultivation, retail dispensaries and manufacturing/processing. MGT worked with county administrative staff to develop a countywide coordinated approach to licensing, costs and

planned fees. Costs included licensing staff office time, inspections, background checks, field visits, enforcement (Sheriff costs) and tax collections. These activities included the full cost of activities unique to cannabis licensees which were applicable to all cannabis businesses in the unincorporated areas of Santa Cruz County. Santa Cruz is a heavily agricultural county and the amount of cannabis being cultivated there is already extensive and anticipated to expand.

CITY OF PASADENA, CALIFORNIA | MAY 2019 TO PRESENT

The MGT project team examined the full cost of all cannabis application and license activities in the City of Pasadena. The City opened applications for licenses for cultivation, retail dispensaries and manufacturing/processing. MGT worked with city finance, planning, health and police officials to develop a citywide coordinated approach to licensing, costs and planned application fees. Costs included licensing staff office time, inspections, background checks, field visits, background checks and law enforcement activities. These activities included the full cost of activities unique to cannabis applicants and licensees which were applicable to all cannabis businesses in the city of Pasadena boundaries.

MGT understands the costs of local cannabis regulation, and has extensive access to business, financial, and permit data across the city. We also understand best practices in this area.

COUNTY OF MONTEREY, CALIFORNIA | JULY TO DECEMBER 2018

The MGT project team examined the full cost of all 500+ environmental health user fees, many of which are applicable to medical cannabis businesses in the cities of Salinas, Carmel, Monterey, Watsonville, and throughout the County. Monterey County is a heavily agricultural region, and the amount of cannabis being cultivated there is extensive. MGT understands the costs of local regulation as well as having access to business and permit data.

- ◆ Key contact for both business and environmental permit data.
- ◆ Full cost understanding of local cannabis regulatory processes.
- ◆ California medical cannabis has been legal since 1996.
- ◆ California recreational cannabis became legal in 2018.

CLIENT REFERENCES

MGT has an outstanding record of past performance. Our teams are composed of proven professionals with the goal of providing the best quality of service while meeting project schedules and budgets. The projects and references below provide recent and relevant examples in which MGT's performance exceeded expectations.

I. COLORADO DEPARTMENT OF REVENUE – MARIJUANA ENFORCEMENT DIVISION (MED)

Kirsten Gregg, Deputy Director, Operations and Administration

1707 Cole Blvd., Suite 300, Lakewood, CO 80401

303.866.3958 | kirsten.gregg@state.co.us

MGT team members from project team: Jerry Wolf, Patrick Dyer, Michelle Garrett

The Department’s Marijuana Enforcement Division retained MGT to review its current services, business processes, fee structures, and determine its service costs. The goal of the project is to review current fees and recommend a new fee structure and rates.

MED operates as an Enterprise Fund so its fee revenues need to at least match its annual expenses. MED is responsible for licensing growers, processors, and retail outlets, as well as licensing employees and owners.

2. CITY AND COUNTY OF DENVER, COLORADO

Stephanie Karayannis Adams, Budget and Management Director

201 W. Colfax, Department 1010, Denver, CO 80202

720.913.5512 | Stephanie.adams@denvergov.org

MGT team members from project team: Michelle Garrett

MGT Consulting used proprietary software to calculate the full cost of regulated marijuana within the City and County of Denver using FY15 actual costs. The full cost calculation included all appropriate direct and identified indirect costs. During this engagement, the MGT team interviewed and collected data from 20+ departments to develop a comprehensive understanding of the fiscal impacts of regulated marijuana in Denver. Public policy impacts were not a part of the study’s scope; however, it was impossible not to see firsthand what policies had succeeded and failed since the legalization of cannabis in January 2014. Some of the relevant take-aways that are applicable to MED’s project and may be of interest include:

- ◆ The City and County of Denver alone has 1,121 new cannabis-related businesses licensed.
- ◆ 60% of the businesses are medical; 40% are retail/recreational.
- ◆ The largest single sector of these new businesses is cultivation and growing at 53%.
- ◆ 13% of the medical businesses are manufacturers of infused food products or edibles.

3. MONTEREY COUNTY, CALIFORNIA

Ric Encarnacion, REHS, MPH, Assistant Director, Environmental Health Bureau

1270 Natividad Rd., Salinas, CA 93906

831.755.4542 | EncarnacionR@co.monterey.ca.us

MGT team members from project team: Jeff Wakefield, Ruben Rivas and Patrick Dyer

The MGT project team examined the full cost of all 500+ environmental health user fees, many of which are applicable to medical cannabis businesses in the cities of Salinas, Carmel, Monterey, Watsonville, and throughout the County. Monterey County is a heavily agricultural region, and the amount of cannabis being cultivated there is extensive. MGT understands the costs of local regulation as well as having access to business and permit data.

- ◆ Key contact for both business and environmental permit data.
- ◆ Full cost understanding of local cannabis regulatory processes.
- ◆



4. SANTA CRUZ COUNTY, CALIFORNIA

Melodye Serino, Deputy County Administrative Officer

701 Ocean Street, Room 520, Santa Cruz, CA 95060

831.454.3412 | Melodye.Serino@santacruzcounty.us

MGT team members from project team: Patrick Dyer, Chris Brunette and Jeff Wakefield

The MGT project team examined the full cost of all cannabis license activities in Santa Cruz County. The County issues licenses for cultivation, retail dispensaries and manufacturing/processing. MGT worked with county administrative staff to develop a countywide coordinated approach to licensing, costs, and planned fees. Costs included licensing staff office time, inspections, background checks, field visits, enforcement (Sheriff costs) and tax collections. These activities included the full cost of activities unique to cannabis licensees which were applicable to all cannabis businesses in the unincorporated areas of Santa Cruz County. Santa Cruz is a heavily agricultural county and the amount of cannabis being cultivated there is already extensive and anticipated to expand.

5. CITY OF PASADENA, CALIFORNIA

Matthew Hawkesworth, Director of Finance

100 N. Garfield Ave., Room S353, Pasadena, CA 91109

626.744.4355 | mhawkesworth@cityofpasadena.net

MGT team members from project team: Patrick Dyer

The MGT project team examined the full cost of all cannabis application and license activities in the City of Pasadena. The City opened applications for licenses for cultivation, retail dispensaries and manufacturing/processing. MGT worked with city finance, planning, health, and police officials to develop a citywide coordinated approach to licensing, costs and planned application fees. Costs included licensing staff office time, inspections, background checks, field visits, background checks and law enforcement activities. These activities included the full cost of activities unique to cannabis applicants and licensees which were applicable to all cannabis businesses in the city of Pasadena boundaries.

CHAPTER 4 – PROJECT STAFFING

PROPOSED PROJECT STAFF

We understand that the best results come from spending an appropriate amount of time with your staff throughout the project and jointly adapting the project work plan to best meet the County’s unique needs and objectives. We value on-site or teleconference communication as much as you do.

PROJECT MANAGEMENT AND COMMUNICATION: Our project management process includes a project schedule with deadlines, and a project team with the availability to meet the deadlines. Additional consultants are available to add to the project if necessary, and quality assurance activities are performed throughout the project. Our communication plan includes frequent formal and informal correspondence, on-site or teleconference meetings, and built in checks to ensure County satisfaction.

PERSONNEL: The team proposed for this engagement has many years of user fee calculation and consulting experience, as well as a proven track record of successful implementation. No comparable group of consultants in the nation who can perform the County’s requested services as well as MGT’s team. Our team will not just be your cost accountants—they will be your partners in a common effort to fairly and equitably calculate and distribute all levels of costs, and will do with minimum controversy, exposure and disruption.

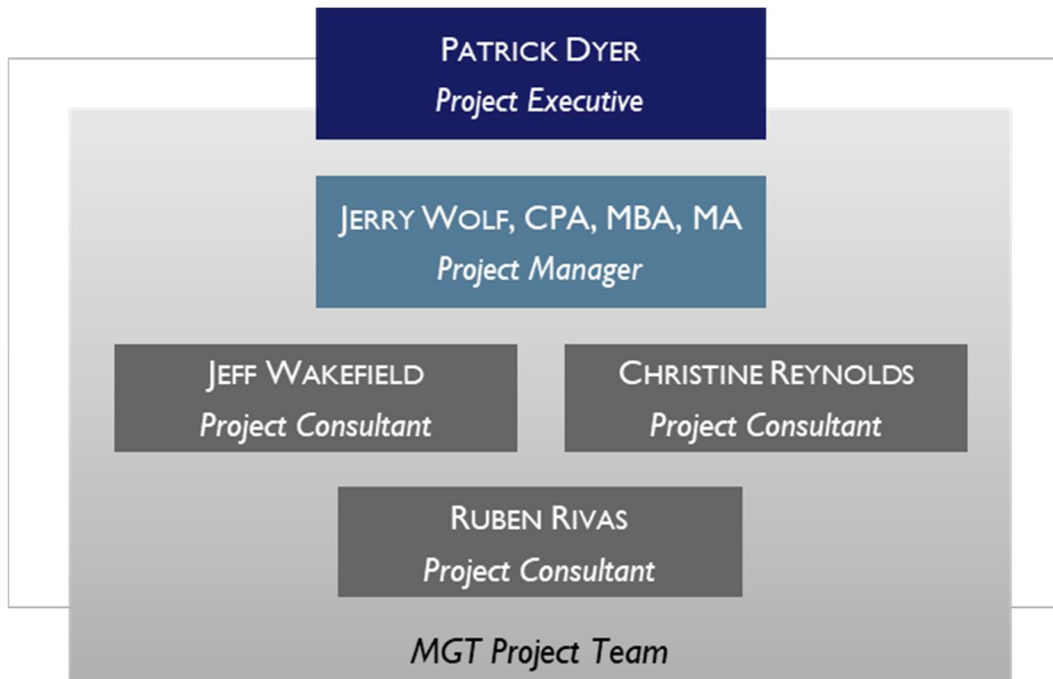


Exhibit 4. Project Team Organizational Chart

MR. PATRICK J. DYER, VICE PRESIDENT | PROJECT EXECUTIVE

Mr. Dyer is a Vice President with MGT and is responsible for MGT Financial Solutions. He will serve as the Project Executive for this engagement. Mr. Dyer will be responsible for ensuring that this project is staffed properly. His objective will be that Monterey is unconditionally satisfied with the services received from MGT consultants.

Mr. Dyer is an expert in project management, having managed or directed hundreds of projects over his 20-year career in local government and consulting. He has taught hundreds of government finance officials indirect cost theory and application through numerous training sessions. He is a frequent presenter at conferences and workshops for clients, state and local governments, and state associations. Mr. Dyer has been a leader at several consulting firms: DMG-Maximus, Maximus, Public Resource Management Group and MGT of America Consulting, LLC.

MR. JERRY WOLF, DIRECTOR | PROJECT MANAGER

Mr. Wolf is a Director with MGT and is an expert in both development fee structures and process improvement. He has spent over 40 years helping hundreds of public officials make decisions on how best to serve the public and how to properly fund those efforts. He has conducted hundreds of cost of service studies and is a national expert on development and building fee methodologies. Mr. Wolf has been a national practice leader with David M. Griffith & Associates, Maximus, Fiscal Choice and MGT of America Consulting. He is a licensed CPA and is a lecturer in public and non-profit Finance at The University of Chicago.

MR. JEFF WAKEFIELD, SENIOR MANAGER | USER FEE CONSULTANT

Mr. Wakefield is a Senior Manager with MGT and has been exclusively engaged in local government cost analysis for 30+ years. He has served as project manager and/or lead consultant for scores of user fee engagements throughout the nation, but with a strong emphasis in California. He is a recognized industry expert in user fee methodology and application for development departments (Planning, Building, and Engineering).

Recent development user fee projects Mr. Wakefield has conducted in the last five years include: City & County of San Francisco, Santa Monica, San Pablo, Pomona, Agoura Hills, Beverly Hills, Burbank, San Diego Development, Vallejo, Palo Alto, Newport Beach, Corona, San Marcos, Santa Barbara County, Houston, TX, Raleigh, NC, Fort Myers, FL, Phoenix, AZ.

MR. RUBEN RIVAS, CONSULTANT | USER FEE CONSULTANT

Mr. Ruben Rivas is a Consultant with MGT and brings exceptional organizational, data management and interpersonal skills to this study. Mr. Rivas has staffed many California user fee and cost allocation studies including the following studies in the last year: Cities of Beverly Hills, Corona, Healdsburg, City of Industry, Oakland, Redlands, Santa Barbara and Vallejo. Mr. Rivas has an impressive background in preparing indirect cost rates and overhead cost allocation models over the past seven years. He is skilled at explaining our models' inputs and results and incorporating changes in real-time in order to keep projects on track with timelines.

MS. CHRISTINE REYNOLDS | USER FEE CONSULTANT

Ms. Reynolds is a Manager with MGT’s Financial Solutions Division and has more than 20 years of professional experience in consulting, specializing in government operations. She is a dedicated professional with an outstanding track record in providing state mandated reimbursement (SB90) services and cost allocation plan services to cities, counties, state agencies, special districts and school districts throughout California. She has been the project manager with counties and cities, and personally filed combined claims in excess of \$16 million dollars annually. Her wide range of experience, along with her exceptional organizational and interpersonal skills, makes her a significant asset to every one of her projects.

Prior to joining MGT, Ms. Reynolds served as a Senior Consultant with Maximus, Inc. where she provided project leadership, mandate expertise and training workshops to her clients. As the lead project manager for many local agencies she helped maximize state mandated cost recovery, evaluated compliance practices and established tracking processes to comply with the State Controller’s document requirements.

PROJECT STAFF ROLES AND RESPONSIBILITIES

Monterey County Project Officer	<ul style="list-style-type: none"> ▪ TBD
<p>MGT suggests that the County appoint a single point of contact to serve as the Project Officer. The Project Officer will have primary responsibility and final authority over all activities, and he/she will provide project guidance and direction to the MGT team. The Project Officer will approve the contract, work plan, and final report. All project correspondence, progress reports, and final reports will be delivered to the Project Officer.</p>	
MGT Project Executive	<ul style="list-style-type: none"> ▪ Mr. Patrick Dyer, Vice President
<p>The Project Executive will be the primary person responsible for ensuring the resources to conduct the study are available from start to finish and that the team fulfills all contractual requirements, produces a quality report, and meets all project deadlines. The Project Executive is responsible for ensuring client success.</p>	
MGT Project Manager	<ul style="list-style-type: none"> ▪ Mr. Jerry Wolf, CPA, Director
<p>The MGT Project Manager is the main point of quality control, has final authority for the project and deliverables, and helps resolve conflicts over any project issues. As Project Manager, Mr. Wakefield will conduct interviews and review best-practice fee structure alternatives with staff. He will assist with department interviews, scheduling, data collection, follow up phone calls and e-mails. The Project Manager will also calculate the full costs of existing and new for-fee services and estimate fee-for-service revenues. He and the project team will prepare the draft reports, and review draft and final reports with County officials. The MGT Project Manager will also participate in on-site or virtual key meetings and presentations.</p>	
MGT Project Consultants	<ul style="list-style-type: none"> ▪ Mr. Jeff Wakefield, User Fee Consultant ▪ Ms. Christine Reynolds, User Fee Consultant ▪ Mr. Ruben Rivas, User Fee Consultant, Data Analyst
<p>The MGT Project Consultants will work in close contact with MGT’s Project Executive, Project Manager, and key County employees as appropriate, to customize and execute each work task and fulfill Monterey’s stated expectations. Under the supervision of the Project Manager, they will review, document, evaluate, and generate recommendations in accordance with each component of the work plan. They will also be responsible for gathering and analyzing meaningful user fee comparison data and producing comparison charts. To have good</p>	

comparison data, we must find out if the data from other agencies is valid, current and reasonably comparable to the County’s fee types and names. They will also assist with data acquisition and analysis for this project.

PROJECT TEAM AVAILABILITY

This project team has the availability and bandwidth to successfully complete this project. The personnel described in our proposal are the professionals who will provide the services for this project. The key staff will all be available and actively engaged in this project for the duration. No key person will be removed or replaced without the prior written concurrence of the County.

RESUMES

More detailed consultant resumes are provided on the following pages.



PATRICK J. DYER

Vice President | Financial Solutions
MGT CONSULTING GROUP

Mr. Dyer has over 20 years of professional experience in government operations. He has worked with city, county, state, special district, joint powers authority government agencies on cost accounting and state mandated cost claiming projects during his twelve-year consulting tenure. Mr. Dyer's most recent consulting projects focus on the following areas: development user fee calculations, regulated cannabis/marijuana studies, city and transit agency cost allocation plans and state mandated cost consulting (specific to CA).



AREAS OF EXPERTISE

- ♦ California State Mandate Reimbursement (SB 90)
- ♦ Cost Allocation Plans
- ♦ Indirect Cost Rate Proposals
- ♦ Cost of Service / User Fee Studies
- ♦ Transit Agency Cost Allocation and Indirect Costs
- ♦ Federal Negotiations and Audit Defense (FTA, FAA, HSA)
- ♦ Mental Health Funding Sources (AB 3632)
- ♦ Daily Jail Rate, Booking Fee Analyses
- ♦ Animal Care, Shelter, Enforcement Operations Costs, and Fees
- ♦ Elections Program Operations and Cost Accounting
- ♦ Expert Witness on Cost/Fee Lawsuits
- ♦ Clerk, Recorder and Elections Fees/Operations
- ♦ Regulated Cannabis/Marijuana Costs, Fees, and Industry Economics

EDUCATION

Bachelor of Science, Business Administration (Finance), California State University Sacramento

PROFESSIONAL EXPERIENCE

MGT of America Consulting, LLC, *Vice President, August 2007-Present*

Public Resource Management Group, LLC, *Senior Consulting Manager*

MAXIMUS, Inc., *Project Manager*

City of Davis, Finance Department, *Revenue Collections Customer Service Coordinator*

LEADERSHIP EXPERTISE

Mr. Dyer is a senior member of MGT's leadership team. His duties as Vice President include direct project work in addition to a variety of management and administrative items. Mr. Dyer's business development and administrative duties include the following:

- ♦ Sales, marketing, and budget oversight for a practice of \$4.0 million of consulting engagements
- ♦ Administer contracts, agreements and insurance requirements
- ♦ Staff reviews, supervision and workload analysis for 15 consulting professionals
- ♦ Coordinate, write, review, respond to complex government RFPs

PROFESSIONAL HISTORY

Prior to beginning his consulting career, Mr. Dyer spent over ten years with the City of Davis, most recently holding the position supervising the Finance Department staff handling all City revenue collection, loans, parking citation billing, 15,000 utility billing accounts and the City's 5,000 business licenses. Mr. Dyer also completed a successful pilot data capture program between the City of Davis and the State of California Department of Motor Vehicles to develop a virtual private network to exchange vehicle owner information and streamline parking collection processes for local government.



PATRICK J. DYER

Vice President | Financial Solutions

MGT CONSULTING GROUP

While at the City of Davis, Mr. Dyer held the position of President with the Davis City Employees Association, a labor union for approximately 300 of the City's miscellaneous employees. While holding that position, Mr. Dyer gained valuable experience related to employer-employee contracts (MOUs), labor relations law, collective bargaining, class/comp studies and compensation analysis.

CLIENT SERVICE HIGHLIGHTS

Cost Allocation, Transit | Sound Transit, Seattle, WA

Mr. Dyer initiated a formal cost allocation plan structure for submission to the Federal Transportation Administration (FTA). Prior to engaging MGT, ST had not obtained approval for their indirect costs on federal grants. MGT analyzed, documented the process, negotiated with federal auditors and obtained FTA approval for its cost allocation and indirect cost rates. In total, ST runs \$45 million through its cost plan for central service costs. This formal approval of the indirect cost rates helps ST defend a portion of its \$170+ million in annual federal grants.

Health Agency Fee Calculations | El Dorado County, CA - Health & Human Services Agency

Mr. Dyer led a team of four consultants to analyze user fees and cost recovery for this eight department super-agency. MGT reviewed cost recovery, developed fee comparisons and recommendations for the Health, Lab, Environmental Health, Animal Services, Vital Records, Mental Health, Public Guardian and Emergency Medical Services departments. This six-month project resulted in defensible fees for \$7.2 million in county cost for user fee activity and recommended changes or new fees of approximately \$125,000.

Animal Care & Fees | County of Los Angeles, CA - Animal Care & Control

Mr. Dyer led a team of five other consultants to completely overhaul the billing methods for contract cities animal care services for the largest animal care system in the nation. Mr. Dyer and his team questioned assumptions and re-tooled billing models to enable Los Angeles County to recommend increasing cost recovery from 30% to 70% from its 49 contract agencies. Over a six-year phase-in, the county expects to recover an additional \$5 million in revenue because of MGT's recommendations.

Animal Care & Fees | Madera County, CA

Mr. Dyer recalculated the full cost of its Animal Care and Shelter services for the city and county. As a result of MGT's calculations and recommendations, the County expected to recover an additional \$250 thousand dollars from its contract city. County officials were extremely happy to have a 52x return on their investment by hiring MGT Consulting.

Regulated Cannabis | County of Santa Cruz, CA - Cannabis Licensing Office (CLO)

Mr. Dyer was engaged to develop defensible license fees for the cannabis activity in the unincorporated areas of Santa Cruz County. In total the costs of the CLO and other county departments that assist with regulation and business compliance activities total \$1.3 million. The fee structure and allocation to the various license activities are expected to ensure these county efforts expended on licensing, cultivation, dispensary, manufacturing and other cannabis businesses, are completely fee supported.

Regulated Cannabis | State of Maryland - Medical Cannabis Commission (MMCC)

The MMCC hired MGT to assist the State to understand and evaluate the industries and activities that will be involved in the development and ongoing operation of a Maryland medical cannabis industry. The MMCC requested analysis of North American Industry Classification System (NAICS) codes, spending, investment, and valuation patterns involved in the medical cannabis industry. The MMCC used the MGT study to define the known business impacts of the cannabis industry and utilized the MGT identified NAICS codes to begin its own analysis of the racial and economic diversity within the new emerging cannabis market.



JERRY WOLF

Director | Financial Solutions

MGT CONSULTING GROUP



Mr. Wolf is an experienced public sector financial and operations consultant within the state and local agency environment. He has over 40 years of consulting experience helping hundreds of cities, counties, states, and special purpose districts develop strategies for identifying and implementing best practices for operations, developing improved approaches to cost reimbursement, and reducing operating expenses. During his career, he has worked with state and local governments of all sizes on a wide range of issues. His projects focus on how issues such as: what are the true costs of providing services; how should the costs be recovered; and how can governments make service delivery more efficient?

Mr. Wolf is a licensed CPA in the State of Illinois and has practical experience in the areas of human services management and finance. He is a former member of the CFA Society.

AREAS OF EXPERTISE

- ◆ Enterprise Funds
- ◆ Central Administrative Services
- ◆ Public Works
- ◆ Law Enforcement
- ◆ Dispute Resolution
- ◆ Financial Analysis
- ◆ Mergers and Consolidations
- ◆ Rates and Charges
- ◆ Intergovernmental Agreements
- ◆ Building, Planning, Zoning

EDUCATION

Master of Business Administration, Business, Booth Graduate School of Business, The University of Chicago
Master of Arts, Social Policy, School of Social Service Administration, The University of Chicago
Bachelor of Arts, Political Science and Economics, Washington University in St. Louis

PROFESSIONAL EXPERIENCE

MGT of America Consulting, LLC, *Director, 2019-Present*
Fiscal Choice Consulting, *Partner (Merged with MGT in 2019)*
Public Consulting Group, *Manager - Midwest*
MAXIMUS, Inc., *Financial Services Practice Director*

PROFESSIONAL AFFILIATIONS

CPA, State of Illinois
CFA Society of Chicago (inactive)
Washington University in St. Louis – Chicago Regional Cabinet
Civic Federation of Chicago Board of Directors
Lecturer in Public Sector Financial Management at The University of Chicago

CLIENT SERVICE HIGHLIGHTS

Merger Feasibility Study | DuPage County, IL

The DuPage County Board considered placing a referendum on the ballot to ask voters if the Board should merge two departments currently led by elected officials. The Board wanted to be able to advise voters of the potential for cost savings from a proposed merger. MGT reviewed the organization structure, current



JERRY WOLF

Director | Financial Solutions
MGT CONSULTING GROUP

processes, and proposed merger plans to quantify savings estimates. Results were presented to the County Board.

Review of Rate Structure and Cost of Services | State of Colorado – Marijuana Enforcement Division

The State of Colorado issues over 15,000 licenses per year to growers, processors, retailers and employees. The State charges license fees to support the cost of investigations and enforcement efforts. The division is to be self-supporting so that fee revenue offsets all of its operating expenses. In 2014, the State reduced fees but the division’s fund balance was about to be depleted. MGT reviewed costs by type of license to develop recommendations for full cost recovery. MGT also developed a model so the division could estimate the impact of changes in revenues, expenses, and license volume on fund balance targets. MGT presented findings and recommendations to management and legislative stakeholders.

Analysis of Short-Term Rental Property Licensing | Metropolitan Government of Nashville and Davidson County, TN

On a per capita basis, Nashville has one of the highest concentrations of STRPs in the country. Nashville had enacted an STRP ordinance with a nominal annual permit fee, but the permit process involved several departments. Nashville asked MGT to review its current process and determine the cost of issuing permits. MGT found the cost was six times the current fee. Based on the MGT report, Metro Council increased its fee to achieve full cost recovery. In addition, MGT recommended that Nashville install an automated system to identify STRP rental properties and the days of rental. This system resulted in a ten-fold increase in annual hotel tax revenues.

Review of Reimbursement Rate Structure | Opportunities for Ohioans with Disabilities, OH

OOD works with over 100 providers who serve residents with various physical and occupational disabilities. OOD had no methodology for determining appropriate reimbursement rates. Each provider defined its own services and negotiated its own rates with OOD. As a result, there were over 3,000 separate reimbursement rates across the various services and providers. Mr. Wolf managed a project to implement a system of standard service definitions and market-based rates. This reduced the number of rates to about 100, permitting OOD to improve its capacity to plan services and manage its budget.

Increase Federal Reimbursements | Midwest State Health and Human Service Agencies

Mr. Wolf managed several similar projects for state human service agencies in Illinois, Michigan, and Wisconsin. The goal of the projects was to improve federal reimbursements for health and human service programs, including Medicaid, Medicare, Foster Care, and TANF. Over a 5-year period, these efforts resulted in additional revenue to these states of \$2.5 billion.

Development of Centralized Grant Management System | City of Detroit, Michigan Emergency Manager

As Detroit reorganized its finances during bankruptcy, Mr. Wolf assisted the Emergency Manager in the development of a new approach to managing state and federal grants. This resulted in a centralized process to oversee eligibility, claiming and reporting.

RELEVANT PROJECT EXPERIENCE

- Development of improved cost reimbursement and cost control methodologies to increase federal reimbursements from human services programs. Midwestern state clients recovered or saved an additional \$2 billion.
- Conduct user fee studies of many types of billable governmental service, analyzing service delivery methods, costs, and cost recovery options.
- Review the service levels of all departments, validating staffing and spending levels and streamlining service delivery processes. Areas



JERRY WOLF

Director | Financial Solutions

MGT CONSULTING GROUP

- Design policies and procedures to streamline management and control of federal grant programs to bring grant programs into compliance with federal regulations.
 - Support of the City of Detroit’s Emergency Manager in design of methods to improve the recovery of costs incurred by the City that benefit other jurisdictions.
 - Development of methodologies to improve the reimbursements by general funds of costs incurred to support enterprise fund operations. Implemented methodologies recovered more than \$1 billion for clients.
 - Design of payment-in-lieu of tax methodologies to refunds from benefitting entities.
- examined have included: administrative services, development, public works, fleet, and law enforcement operations.
- Merger and consolidation studies in the areas of health, human services, fleet, and public works.
 - Development of options to reorganize a \$1 billion state human services agency.
 - Evaluation of rate structures for a state rehabilitation services agency.
 - Review of cost sharing agreements between jurisdictions to properly align the costs and benefits.
 - Expert witness support on cost of service for the City of Chicago and the City of New York.



JEFF WAKEFIELD

Senior Manager | Financial Solutions

MGT CONSULTING GROUP



Mr. Wakefield is a Senior Manager with MGT and has an extensive background working with local governments. His 28 years of experience includes senior positions with three major consulting firms, all focused on governmental cost accounting. Since joining MGT, Mr. Wakefield has served as co-director of the firm’s user-fee practice, affording him costing experience in many areas of local government. He has a thorough understanding of federal and state laws and case law governing user fees. Mr. Wakefield has completed hundreds of user fee studies for cities and counties during his career.

Mr. Wakefield is a recognized industry expert in user fee methodology with an emphasis on development departments (Planning, Building, and Engineering). In February 2019, he conducted a continuing education workshop session on user fee methodology for the Napa Solano ICC chapter. He was instrumental in creating the first square footage-based building fee structure for the City of Anaheim, converting CALBO’s concept paper Justifying Building Fees into an operational fee schedule. While Mr. Wakefield’s qualifications in the development area are exceptional, he also is equally well versed in fee identification and calculation for other municipal departments. His clients include a full range of both small and large population cities across the country.

AREAS OF EXPERTISE

- ◆ Development (Planning, Building & Engineering) Best Practices
- ◆ Development Fee Structures
- ◆ Community Development Operations & Staffing Levels
- ◆ Unique fee structures for building (Valuation, Nexus, Fixed and Hybrids)
- ◆ Reserve Levels: Management of and Policies
- ◆ Enterprise and ISFFund Management & Calculations
- ◆ Cost Allocation Plans
- ◆ Indirect Cost Rate Proposals
- ◆ Cost of Service / User Fee Studies

EDUCATION

Bachelor of Science, Accounting, University of Redlands

PROFESSIONAL EXPERIENCE

MGT of America Consulting, LLC, *Senior Manager, 2007 - present*
 Public Resource Management Group, LLC (PRM), *Senior Project Director*
 MuniFinancial, *Senior Consultant*
 David M. Griffith and Associates, LTD, *Consultant*

CLIENT SERVICE HIGHLIGHTS

Planning and Development User Fee Study | City of Phoenix, AZ

Mr. Wakefield made significant contributions to provide a comprehensive cost of service analysis for the City of Phoenix’s development fees using FY19 budgeted figures. MGT analyzed 16 different disciplines within the Planning and Development department for a potential cost recovery of \$55 M dollars (excluding fines and penalties). Current fee related revenues average \$45 M. The difference would represent a potential \$10 M dollar increase in revenue. In addition to the full cost recovery calculations, MGT worked with the City to recommend fee policies to establish cost recovery goals, discussed deferred revenue model



JEFF WAKEFIELD

Senior Manager | Financial Solutions

MGT CONSULTING GROUP

recommendations, cost recovery model recommendations, recovery reporting improvements and new tracking reports, and best practices for fund balances and future updates to fees.

REPRESENTATIVE CLIENTS

Planning & Building Fee Studies

- City of Phoenix , AZ
- Town of Yountville , CA
- City of Solvang , CA
- City of Calistoga , CA
- City of Vallejo , CA
- County of Calaveras , CA
- City of Safety Harbor , FL

Cost Allocation Plans

- City of Redlands , CA
- City of Industry , CA
- City of Corona , CA
- City of Anaheim , CA
- City of Fresno , CA
- City of Sacramento , CA
- City of Suisun City , CA
- City of Sanger, CA , CA

User Fee Studies

- City of Buckeye , AZ
- City of Oakland DOT , CA
- City of San Diego , CA
- City of Santa Monica , CA

User Fee Studies

- City of Vallejo , CA
- City of Pomona , CA
- City of Beaumont , CA
- City of Beverly Hills , CA
- City of Burbank Building Dept , CA
- City of Laguna Niguel , CA
- City of Oakland , CA
- City of San Pablo , CA
- City of San Rafael , CA
- Copperopolis Fire District (Calaveras Co), CA
- Maricopa County , CA
- Santa Barbara County PW Dept , CA
- City of Sacramento Fire/Police Department , CA
- Santa Barbara County , CA
- County of Monterey , CA
- City of Fort Collins , CO
- Fort Myers , FL
- County of Sarasota , FL
- City of Greenville , NC
- King Co. Env. Health Dept. , WA



CHRISTINE REYNOLDS

Manager | Financial Solutions

MGT CONSULTING GROUP

Ms. Christine Reynolds is a Manager with MGT’s Financial Solutions Division and has more than 20 years of professional experience in consulting, specializing in government operations. She is a dedicated professional with an outstanding track record in providing state mandated reimbursement (SB90) services and cost allocation plan services to cities, counties, state agencies, special districts and school districts throughout California. Her wide range of experience, along with her exceptional organizational and interpersonal skills, makes her a significant asset to every one of her projects.



Prior to joining MGT, Ms. Reynolds served as a Senior Consultant with MAXIMUS, Inc. where she provided project leadership, mandate expertise and training workshops to her clients. As the lead project manager for many local agencies she helped maximize state mandated cost recovery, evaluated compliance practices and established tracking processes to comply with the State Controller’s document requirements.

AREAS OF EXPERTISE

- ◆ State Mandate Reimbursement (SB90)
- ◆ 2 CFR Part 200 Cost Allocation Plan Services
- ◆ Indirect Cost Rate Proposals and Analysis
- ◆ Cost, revenue and forecast analysis
- ◆ State financial reports for local agencies
- ◆ California SB 90 training workshops
- ◆ Training on MGT Software for cost allocation plans
- ◆ Proposal and contract development

EDUCATION

Project Management, Western Nevada College, Fallon, NV

PROFESSIONAL EXPERIENCE

MGT of America Consulting, LLC, *Manager, 2007 - present*

MAXIMUS, Inc., *Senior Consultant*

David M. Griffith & Associates (DMG), *Analyst*

SUBJECT MATTER EXPERTISE

Ms. Reynolds has managed the completion of cost allocation plans for a wide range of local government clients. She has developed expert knowledge in the rules and regulations of 2 CFR Part 200. In addition, she has prepared and reviewed indirect costs rate proposals for California counties in order to recover additional project revenue.

Ms. Reynolds has provided State Mandate Reimbursement (SB 90) services since 2008. She has provided project leadership, mandate expertise, training, and audit assistance to counties, filing hundreds of claims throughout her career. She brings industry knowledge and insight to each of her SB 90 engagements.

REPRESENTATIVE CLIENTS

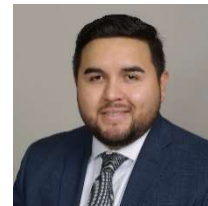
- Santa Clara County (SB90)
- Sacramento County (SB90)
- Yuba County (SB90)
- Alpine County (Cost Plan and SB90)
- Amador County (Cost Plan and SB90)
- Tuolumne County (Cost Plan)
- San Joaquin County (Cost Plan)
- Mono County (Cost Plan and SB90)
- El Dorado County (Cost Plan and SB90)
- Humboldt County (Cost Plan)
- Lake County (Cost Plan)
- Stanislaus County (Cost Plan)
- Santa Cruz County (Cost Plan)
- San Bernardino County (Cost Plan)



RUBEN RIVAS

Senior Consultant | Financial Solutions
MGT CONSULTING GROUP

Mr. Rivas has consulted with cities and counties throughout the western United States for the past seven years. He has professional experience in SB 90 reimbursement claiming projects, cost allocation plans and user fee studies. Mr. Rivas has helped over 30 cities and multiple counties file their annual state claims, resulting in over two million dollars in state reimbursements. He has also calculated cost of service fees for over a dozen local agencies that resulted in updated citywide fee schedules reflecting each agency's current costs, fee structure and service demands.



AREAS OF EXPERTISE

- ♦ Reimbursable California Mandates (SB 90)
- ♦ Indirect Cost Rate Proposals
- ♦ Federal Cost Allocation Plans
- ♦ Full Cost Allocation Plans
- ♦ User Fee Studies
- ♦ Comparison Analysis
- ♦ Strategic Planning Projects
- ♦ Time Studies

EDUCATION

Bachelor of Science, Business Management, California State University San Jose

PROFESSIONAL EXPERIENCE

MGT of America Consulting, LLC, *Senior Consultant, 2012-Present*

SPANISH LANGUAGE SKILLS

Mr. Rivas is fluent in reading, writing and speaking Spanish. This skill has been a benefit to our clients on numerous projects. For the City of Stockton's library strategic plan project, Mr. Rivas communicated with residents and project stakeholders, providing translation services for MGT staff and subcontractors.

CLIENT SERVICE HIGHLIGHTS

Community Development User Fee Study | City of Bend, OR

The City's Community Services Department faced a dramatic increase in demand for building inspections, and MGT was hired to analyze fees and defend fee adjustments. When fee adjustment proved overly complicated, MGT consultants did a comprehensive study of available time, inspections per day and anticipated construction activity, which revealed that the department was significantly understaffed. MGT used those findings to recommend and defend the need to hire 4 more building inspectors, to make sure that inspections were adequately staffed and appropriately rigorous. Mr. Rivas helped the Community Development Department defend this request by presenting the results and demonstrating that required staff time needed far exceeded current staff capacity for handling permits and inspections.

Environmental Health User Fee Study | County of Monterey, CA

In addition to a traditional User Fee Study, the County wanted custom tools for the department to use after the MGT engagement ended. Mr. Rivas helped design the unique methodology needed to meet the needs of Monterey County and the scope of services. To ensure successful implementation of the tools, MGT provided a significant amount of additional advice, guidance, and informal training to County staff, so that they could apply fee techniques in the future and leverage specific project materials.

Comparison Survey | City of Vallejo, CA

The City of Vallejo hired MGT to conduct a fee comparison survey analysis. MGT compared a total of 45 fees with six comparison agencies, as recommended by Vallejo. In addition, MGT compared 6 construction projects "prototypes". Mr. Rivas used various forms of communication to gather the comparable fee data.



RUBEN RIVAS

Senior Consultant | Financial Solutions

MGT CONSULTING GROUP

MGT used a powerful new software tool to convert the data into easy-to-understand visual graphics, which helped City staff easily understand how Vallejo fees compared to fees in neighboring cities. City staff was then able to see where they stand compared to their neighbors. Ultimately, these results will help City staff make the appropriate fee adjustments and present their recommendations to their City Council with confidence.

Animal Care & Control Cost Recovery Study | County of Los Angeles, CA

LA County runs the largest animal care system in the nation and needed to improve cost recovery for animal control services. MGT conducted an in-depth study of the Department’s actual cost structure and current billing methods. By questioning assumptions and re-tooling billing models, MGT enabled Los Angeles County to recommend increasing cost recovery from 30% to 70% from its 49 contract agencies. Mr. Rivas was specifically assigned to determine the cost for deceased animal retrievals. His analysis included a time study at four different animal care centers in Los Angeles County. Based on that study, Mr. Rivas recommended the implementation of a revised Animal Control Officer (ACO) time that would increase the rate collected by 10%, allowing the County to justify and improve their cost recovery.

California SB 90 Claim Reimbursements

Mr. Rivas has managed and filed SB 90 claims for over 27 California cities over the past seven years. He has successfully filed over seven million dollars in State Mandated Reimbursements during his tenure with MGT. Mr. Rivas has also assisted the City of Salinas and Bakersfield during State audits.

CHAPTER 5 – PROPOSAL COSTS AND RATES

MGT proposes to perform the services included in this proposal related to the user fee study for a fixed fee of **\$33,927** which will provide **168** consulting hours. Estimated expenses are also included in this amount for anticipated local travel. Only actual expenses will be charged. The anticipated cost breakout for the user fee study by task is as follows:

Milestones and Tasks		Professional Hours	MGT Fees	Total Direct Expenses	GRAND TOTAL
0	Initial Meeting, Review Schedule & Goals	4	1,056	\$ 518	\$ 1,573
1	Review Historical Fee Structure	18	3,343	\$ -	\$ 3,343
2	Conduct Trend Analysis of License County by Type	10	1,915	\$ -	\$ 1,915
3	Project Future License Counts by Type	10	1,915	\$ -	\$ 1,915
4	Conduct Cost Analysis of License / Application Activity	56	10,640	\$ -	\$ 10,640
5	Simulate Different Scenarios	20	3,830	\$ -	\$ 3,830
6	Propose New Fee Structure	14	2,970	\$ -	\$ 2,970
7	Final Report	22	4,771	\$ -	\$ 4,771
8	Present Results to Cannabis Office and CAO	14	2,970	\$ -	\$ 2,970
9	Support & Defend Fees if Challenged (TBD)	0	-	\$ -	\$ -
GRAND TOTAL, Hours and Fees		168	33,410	\$ 518	\$ 33,927

HOURLY BILLING RATES

MGT's hourly billing rates are as follows:

MGT PROFESSIONAL STAFF	HOURLY BILLING RATES
Project Executive/ Director	\$ 275
Project Manager	\$ 235
Project Consultants	\$ 175

Additional services requested that fall outside the scope of this project (e.g., Task 9) shall be provided on a time-and-materials basis using the above hourly rates, with all expenses billed at cost subject to pre-approval. The hourly rate schedule is part of MGT's quote for use in invoicing for progress payments and for extra work incurred that is not part of this RFP.

METHOD OF PAYMENT

MGT will provide monthly invoices to the County. It is customary for MGT to invoice 10% of the contract price at the time of contract execution. This invoiced amount covers MGT efforts on strategy sessions, preliminary on-site meetings, project planning and items not tied to fixed fee tasks outlined in the proposal. The amount due per month will then be based on the remaining amount of the fixed fee

amount divided by the anticipated number of months to complete the project. The final invoice will be submitted when we present our draft report.

PROJECT ASSUMPTIONS

Our work program and proposed fee for this project were developed with several key assumptions about the project. Changes to these assumptions may impact either or both our methodology and proposed fee. We welcome the opportunity to meet with the County Project Officer to review these assumptions, validate or adjust these assumptions based on more complete information, and adjust the work plan and/or budget accordingly. Below, we present our assumptions:

- The County will designate a County Project Officer for this project. This person will function as the primary point of contact for the project, and coordinate and facilitate the flow of information and communication between the County departments and MGT.
- The County Project Officer will ensure that comments on draft documents are consolidated into a single document and any conflicting comments are reconciled before delivering the comments to MGT.
- One draft report has been included in this proposal. Additional reports can be added for an additional fee.
- MGT will have access to and cooperation and participation by staff and management. MGT expects to have reasonable, timely access to County personnel and data. If the County stops the project for any reason, MGT will be due all fees for services performed to date.
- The County will provide all requested documents at its own expense in a timely manner.
- All costs and other data provided by the County will be considered accurate and valid. MGT will not be responsible for the audit and/or verification of any cost or other data provided by the County.