

RESOLUTION NO. 06-418

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON AUTHORIZING THE MAYOR TO EXECUTE THE CONSULTANT SERVICES AGREEMENT BETWEEN BERK & ASSOCIATES AND THE CITY OF BLACK DIAMOND

WHEREAS, the City has identified a need to develop a fiscal planning model that will allow the City of Black Diamond to evaluate the potential fiscal impacts of future development within the City; and

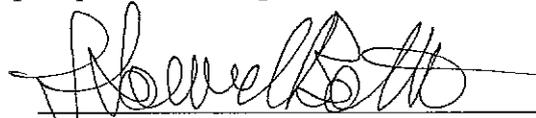
WHEREAS, this analysis will be integrated into the update of the Capital Facilities Element of the City's Comprehensive Plan; and

WHEREAS, the City desires to retain the services of a consultant skilled in the preparation of fiscal planning models to prepare the same; and

WHEREAS, the City has selected the Berk & Associates team to prepare this fiscal planning model, and the Consultant is qualified, willing and able to perform the above mentioned services; now, therefore

BE IT RESOLVED that the Mayor is hereby authorized to execute the Professional Services Agreement, substantially in the form attached as Exhibit A;

ADOPTED by the City Council at an open public meeting held on the 21st day of December, 2006.


Howard Botts, Mayor

Attest:


Brenda L. Streepy, City Clerk

PROFESSIONAL SERVICES AGREEMENT BETWEEN

CITY OF BLACK DIAMOND

P.O. Box 599
25510 Lawson Street
Black Diamond, WA 98010

Berk & Associates,

120 Lakeside Avenue, Suite 200
Seattle, WA 98122

Project: Capital Facilities Plan Update

This agreement is made between **CITY OF BLACK DIAMOND** (Client) and Berk & Associates, Inc. (Consultant) to develop a fiscal planning model that will allow the City of Black Diamond to evaluate the potential fiscal impacts of future development in the City. This analysis will be integrated into the update of the Capital Facilities Element of the City's Comprehensive Plan.

Statement of Work

The purpose of this agreement is to engage the Consultant to provide professional services related to this project. Services provided for within this agreement shall be performed by the Consultant beginning October 11, 2006.

Berk & Associates will conduct the specific tasks outlined in **Attachment A** that comprise the Consultant scope of work for the project.

Compensation and Payment

The Client shall pay the Consultant on a time and materials basis at the rates set forth in **Attachment B**, not to exceed **\$65,660**.

Rates are subject to regular annual adjustments in January 2007. The Consultant agrees to submit an invoice including receipts for reimbursable expenses to the Client by the 10th day of the month for the previous month's billings. The invoice amount shall be paid within thirty (30) days of receipt of invoice.

Relationship of the Parties

The relationship of the parties shall be as independent contractors and shall be limited to the performance of services as set forth in this agreement. The Consultant agrees to provide services as outlined in **Attachment A**. Neither party shall assign or delegate this agreement or any rights, duties or obligations hereunder without the express written consent of the other. The Consultant shall indemnify, defend and hold harmless the Client from any claim, suit or action made by any person, to the extent it arises from a negligent act or omission on the part of the Consultant in the performance of its services under this agreement.

Termination and Disputes

This agreement may be terminated by either party upon seven (7) days written notice. The Consultant shall then invoice the Client for all client services performed through the effective date of the

termination, and shall be paid by the Client for such service, performed in a satisfactory manner under the terms of this agreement.

In the event that any legal action is necessary to enforce the terms of this agreement, the prevailing party shall be entitled to a reasonable sum for attorney's fees including those incurred prior to the action being filed and court costs.

Acceptance

This agreement, including attachments incorporated by reference, represents the entire agreement and understanding between the parties, and any negotiations, proposals, or oral agreements are intended to be integrated herein and to be superseded by this agreement. This agreement is to be governed by, and construed in accordance with, the laws of the state of Washington.

In consideration of the terms, conditions, covenants and performance contained herein, the respective parties accept this agreement for consultant services.

CITY OF BLACK DIAMOND

By: 

Title: Mayor

Date: Dec. 21, 2006

Berk & Associates, Inc.

By: 

Title: **Principal**

Date: **December 20, 2006**

ATTACHMENT A: SCOPE OF WORK

CITY OF BLACK DIAMOND: FISCAL IMPACT ANALYSIS

This scope of work encompasses the development of a fiscal planning model that will allow the City of Black Diamond to evaluate the potential fiscal impacts of future development in the City. This will be integrated into the Capital Facilities Element of the City's Comprehensive Plan. The scope was developed with the following key assumptions in mind:

- The fiscal analysis will be developed in consultation with key stakeholders.
- Previous fiscal analyses will be considered but will not limit the options for developing the most appropriate analytic framework for addressing potential fiscal impacts of new development.
- The Tracking Analysis of the Capital Facilities Plan will be based on an assessment of the long-term fiscal sustainability of the City that will consider the fiscal implications of meeting the needs of all residents and businesses.
- The fiscal analysis framework will address the appropriate role of new development in meeting the fiscal requirements of the City.

Task 1: Long-term fiscal conditions assessment

Conduct analysis of the current and projected fiscal conditions in the City of Black Diamond. The following are some of the key issues and assumptions for the baseline conditions assessment.

- Assume existing level-of-service standards are maintained.
- The fiscal model will be fund-based and will match up the sources and uses of funds based on statutory or policy restrictions and limitations.
- Identify and factor in the known capital facility investment requirements to meet the needs of currently permitted development.
- Determine the likely "no-action"/existing development fiscal outlook for the City. This scenario would become the baseline against which the potential impact of prospective large-scale developments can be measured.
- Factor in the proposed new developments.

Revenue projections. The analysis will be conducted using a cash flow revenue model (minimum of 15-years) that will build up from the development assumptions, including phasing and timing of development, to estimate changes in the different affected taxable bases. Current tax rates will then be applied to the incremental tax bases to estimate potential public revenues.

Revenues will be organized according to the legislative or policy limits on their use and whether they are one-time revenues or ongoing revenues. The model will be very flexible and allow for multiple scenarios and sensitivity of key assumptions. In particular the following elements will be variable:

- Development assumptions including type, scale and timing of new development.
- Type and mix of tenant types and associated employment and business income levels.
- Housing mix (owner-occupied, rental) and density
- Assumptions about tax rates
- Implications of tax credits and exemptions for certain types of development
- Implications of sales tax streamlining on revenue potential of certain types of development

Analysis of public service and capital costs. Berk & Associates will develop projections of public service cost impacts for the same planning horizon as that selected for the revenue analysis. Cost projections will be based on an assessment of the existing City of Black Diamond operating structure, historical trends, the City's current level-of-service standards, and estimates of historical and forecast level of service demand.

Estimates will include expenditures for direct services (services provided directly to City residents) and indirect (or support) services. Projections of expenditures for direct services will be driven by anticipated growth in the demand for each service (estimated by identifying and forecasting one or more demand drivers for each City service). Impacts on indirect (or support services) expenditures will be based on increases in the City's direct service functions, with growth in the costs of indirect functions tied to increases in staff or budgets of direct service functions. In addition to the expenditure growth that is driven by increase in service demand, estimates of potential expenditure impacts will also account for growth in the cost of staffing, materials, and equipment.

Berk & Associates has extensive experience in forecasting city expenditures and has developed a series of predictive statistical models that relate costs of service to changes in fundamental characteristics of cities. Among other things, these models look to changes in land uses and demographic characteristics to drive changes in demand for services. Having analyzed the experiences of hundreds of cities, our forecasting models also account for economies of scale that are typically achieved as cities grow in size.

Berk will combine our experience and predictive models with the City's current budget and financial information. Estimates of expenditure impacts will be based on growth scenarios that will be developed with input from the project team. Projections will include estimates of changes in the number of households, distinguished by type and tenure; density of development; growth in residential and commercial building square footage; and growth in commercial activity in each of the major industrial classifications.

Estimates of necessary capital investments will be based on City of Black Diamond capital investment plans, historical trends, and any specific long-term capital needs that can be identified by City departments or other members of the planning team.

Fiscal impacts of alternative development scenarios. Berk will combine expense and revenue projections to model the net fiscal implications for the City for both a "baseline condition" and for alternative development scenarios. For each development scenario, the timing and amount of new development will be used to derive both new revenues from the construction activity and revenues that will accrue from ongoing activity by future tenants and residents.

Task 2: Peer/comparable cities survey

Collect information and develop a fiscal profile of peer and comparable cities. The purpose of this task is document the level-of-service standards, approaches to development mitigation and relevant fiscal policies of selected peer and neighboring cities. This information will provide context for the review of level-of-service standards and for the development of mitigation policy options.

Task 3: Assess and revisit current level-of-service standards

Current level-of-service standards will be assessed based on the baseline fiscal conditions analysis and the results of the peer/comparable cities research. The assessment will consider the implications on the baseline fiscal conditions of changing level-of-service standards – either increasing or reducing standards – and discuss the options for balancing fiscal realities and service delivery demands. Potential amendments to current level-of-service standards will be identified for discussion within the City and with key stakeholders. If appropriate, a “Revised LOS” fiscal conditions scenario will be developed.

Task 4: Identify facility and CIP implications

Working with the City, identify potential new capital improvements that will be necessary in the different development buildout scenarios. Assess the fiscal implications of adding these investments to the City’s financial obligations. This assessment will consider the City’s overall debt capacity.

Task 5: Develop fiscal mitigation options

Based on the results of the previous tasks, options for a City fiscal mitigation policy will be developed. The objective of the policy framework will be to ensure that new growth is making an equitable contribution to the overall financial capacity to meet City level-of-service standards and provide for capital facilities in a timely manner. Toward this end, fiscal policy options will be developed for the City overall that will consider the relative responsibilities of two key groups: (1) existing residents and businesses; and, (2) future residents and businesses associated with new development. The mitigation policy may consider some or all of the following approaches:

- Adding development conditions to property through SEPA
- Establish GMA impact fees – could be in addition to, or instead of, the mitigation payment system (fees could be credited against fiscal mitigation payments)
- Latecomers agreements
- Public-private financing mechanisms for capital improvements

Task 6: Work with key stakeholders on mitigation options

The options for a fiscal mitigation policy framework will be discussed and reviewed with key stakeholders. The objective of this task is to develop consensus among the key stakeholders regarding the most appropriate policy framework for the City. It is expected that a series of meetings will be necessary to work through the issues associated with the various options and develop a preferred approach.

Task 7: Prepare Capital Facilities Element

Compile existing and new information into a GMA Comprehensive Plan Capital Facilities Element. The report will include the following sections:

- Review of future City growth for population, housing and employment.
- Document level-of-service standards, including analysis of City standards relative to peer and comparable cities.
- By City function, identify needed capital facilities, both in the long-term (20-years) and in the next 6 years.
- Assess the long-term financial sustainability of the City’s Comprehensive Plan.

- Develop an overall financial strategy for addressing the ongoing fiscal needs of the City, in terms of both meeting the level-of-service standards and providing necessary the capital facilities in a timely manner.

PRODUCTS AND MEETINGS

Products: Updated Capital Facility Plan

- Two draft CFPs
- One final CFP

Meetings: Project Team and Stakeholder Meetings

- 4 project team meetings
- 2 meetings related to discussion of mitigation options

ATTACHMENT B

2006 RATES

BERK & ASSOCIATES, INC.
 SCHEDULE OF BILLING RATES -- 2006
 Effective 1/1/06

B. Berk	Principal	\$220.00
M. Hodgins	Principal	\$200.00
B. Sheckler	Sr. Associate I	\$155.00
B. Murphy	Sr. Associate I	\$120.00
N. Simpkinson	Sr. Associate I	\$105.00
K. Pflum	Associate II	\$85.00
J. McConnel	Associate II	\$80.00
N. Fedo	Associate II	\$80.00
P. Zitarelli	Associate I	\$75.00
M. Shook	Associate I	\$65.00
E. Natali	Associate I	\$65.00
M. Glavin	Associate I	\$60.00
T. McGinness	Project Associate	\$55.00
J. Hademan	Business Manager	\$65.00

Direct non-salary costs:

Mileage	\$0.485 per mile
Copies	\$0.10 each page
Color printing	\$0.25 each page
Printing - Large Format (34"x44")	\$28.50 each page
Printing - Small Format (22"x44")	\$13.00 each page
Parking	Direct charges
Long distance	Direct charges
Postage	Direct charges
Fax	No charge
Courier services	Direct charges
External printing	Direct charges
Misc. items pertaining to the project	Direct charges