

**PERSONAL SERVICES CONTRACT**

**PERSONAL SERVICES CONTRACT**

County of Nevada, California

This Personal Services Contract is made between the COUNTY OF NEVADA (herein "County"), and

**Parsons Brinckerhoff, Inc.**

(herein "Contractor"), wherein County desires to retain a person or entity to provide the following services, materials and products generally described as follows:

(§1) **County of Nevada Local Traffic Mitigation Fee Update**

**SUMMARY OF MATERIAL TERMS**

(§2) **Maximum Contract Price:** \$43,909

(§3) **Contract Beginning Date:** 2/24/2015      **Contract Termination Date:** 12/31/2015

(§4) **Liquidated Damages:** N/A

**INSURANCE POLICIES**

Designate all required policies: Req'd    Not Req'd

(§6) <b>Commercial General Liability</b>	(\$1,000,000)	<u>X</u>	<u>   </u>
(§7) <b>Automobile Liability</b>	(\$ 300,000) Personal Auto	<u>   </u>	<u>X</u>
	(\$1,000,000) Business Rated	<u>X</u>	<u>   </u>
	(\$1,000,000) Commercial Policy	<u>   </u>	<u>X</u>
(§8) <b>Worker's Compensation</b>		<u>X</u>	<u>   </u>
(§9) <b>Errors and Omissions</b>	(\$1,000,000)	<u>X</u>	<u>   </u>

**LICENSES**

Designate all required licenses:

(§14) \_\_\_\_\_

**NOTICE & IDENTIFICATION**

(§26) <b>Contractor:</b> Parsons Brinckerhoff 2329 Gateway Oaks Drive, Suite 200 Sacramento, CA 95833 Contact Person: Darren Henderson (916) 567-2500 e-mail: hendersond@pbworld.com	<b>County of Nevada:</b> 950 Maidu Avenue Nevada City, California 95959  Contact Person: Joshua Pack (530) 265-7059 e-mail: Joshua.pack@co.nevada.ca.us Org Code: 1114-30104-702-1000/521520
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**Contractor is a:** (check all that apply)

Corporation:	<u>  x  </u> Calif.,	<u>   </u> Other,	<u>   </u> LLC,	<u>   </u> Non-profit
Partnership:	<u>   </u> Calif.,	<u>   </u> Other,	<u>   </u> LLP,	<u>   </u> Limited
Person:	<u>   </u> Indiv.,	<u>   </u> Db,	<u>   </u> Ass'n	<u>   </u> Other

**EDD:** Independent Contractor Worksheet Required:     Yes   x   No

**HIPAA:** Schedule of Required Provisions (Exhibit D):     Yes   x   No

**ATTACHMENTS**

Designate all required attachments: Req'd    Not Req'd

<b>Exhibit A: Schedule of Services</b> (Provided by Contractor)	<u>  x  </u>	<u>   </u>
<b>Exhibit B: Schedule of Charges and Payments</b> (Paid by County)	<u>  x  </u>	<u>   </u>
<b>Exhibit C: Schedule of Changes</b> (Additions, Deletions & Amendments)	<u>   </u>	<u>  x  </u>
<b>Exhibit D: Schedule of HIPAA Provisions</b> (Protected Health Information)	<u>   </u>	<u>  x  </u>

### Terms

Each term of this Contract below specifically incorporates the information set forth in the Summary at page one (1) above as to each respective section (§) therein, as the case may be.

### Services

#### **1. Scope of Services:**

Contractor shall provide all of the services, materials and products (herein "Services") generally described in **Exhibit "A"**, according to a performance schedule, if applicable, as set forth in said exhibit (herein "Performance Schedule"). If requested, Contractor agrees to serve as an expert witness for County in any third party action or proceeding arising out of this Contract.

### Payment

#### **2. Charges and Payments:**

The charges (herein "Charges") for furnishing the aforesaid Services under this Contract are set forth in **Exhibit "B"**, including, if applicable, hourly rates, unit pricing, and expense, mileage and cost limits. Said Charges shall be presented monthly by invoice, and shall be due within thirty (30) days of receipt unless payment is otherwise set forth in said **Exhibit "B"**, and shall remain in effect for the entire term of this Contract, and any extension hereof. In no event will the cost to County for Services to be provided under this Contract, including direct non-salary expenses, exceed the **Maximum Contract Price** set forth at §2, page one (1), above.

### Time for Performance

#### **3. Contract Term:**

This Contract shall commence on the **Contract Beginning Date** set forth at §3, page one (1), above. All Services required to be provided by this Contract shall be completed and ready for acceptance no later than the **Contract Termination Date** set forth at §3, page one (1), above.

#### **4. Liquidated Damages:**

County and Contractor agree that damages to County due to delays in timely providing Services in accordance with the aforesaid Performance Schedule and Contract Termination Date are impractical and difficult to ascertain. Therefore, if §4 at page one (1) hereof shall indicate a daily amount as **Liquidated Damages**, County shall have the right to assess said daily sum, not as a penalty, but as and for damages to County due to delays in providing Services not in accordance with the said Performance Schedule, or later than the Contract Termination Date (herein "Delay"). Liquidated Damages shall be offset against amounts owing to Contractor, including retention sums.

To the extent that any Delay is a result of matters or circumstances wholly beyond the control of Contractor, County may excuse said Liquidated Damages; provided however, that County may condition such excuse upon Contractor having given prompt notice to County of such delay immediately by telephone and thereafter by written explanation within a reasonable time. The time for Contractor's performance shall be extended by the period of delay, or such other period as County may elect.

#### **5. Time of the Essence:**

Time is of the essence with respect to Contractor's performance under this Contract. Delay in meeting the time commitments contemplated herein will result in the assessment of liquidated damages, if indicated at §4 at page one (1), hereof. If Liquidated Damages are not so indicated, damages shall be as otherwise provided by law.

### Insurance

#### **6. Commercial General Liability Insurance:** (County Resolution No. 90674)

If §6 at page one (1) hereof shall indicate a **Commercial General Liability** insurance policy is required, Contractor shall promptly provide proof of such insurance evidenced by a certificate of insurance with properly executed endorsements attached, which insurance shall include the following:

- (i) Broad form coverage for liability for death or bodily injury to a person or persons, and for property damage, combined single limit coverage, in the minimum amount indicated at said §6;

- (ii) An endorsement naming County as an additional insured under said policy, with respect to claims or suits arising from the Services provided or the relationships created under this Contract;
- (iii) A provision that said insurance shall be primary and other insurance maintained by the County of Nevada shall be excess only and not contributing with Contractor's insurance;
- (iv) A provision that said insurance shall provide for thirty (30) days written notice to County of any termination or change in coverage protection, or reduction in coverage limits (except ten (10) days notice for non-payment of premium).

**7. Automobile Liability Insurance:** (County Resolution No. 90676)

If §7 at page one (1) hereof shall require either a Business Rated or a Commercial Automobile Liability insurance policy, for each vehicle used including non-owned and hired automobiles, Contractor shall promptly provide proof of such insurance evidenced by a certificate of insurance with properly executed endorsements attached, which insurance shall include the following provisions:

- (i) Liability protection for death or bodily injury to a person or persons, property damage, and uninsured and underinsured coverage, combined single limit coverage, in the minimum amount indicated at said §7;
- (ii) An endorsement naming County as an additional insured under said policy, with respect to claims or suits arising from the Services provided or the relationships created under this Contract;
- (iii) A provision that said insurance shall be primary and other insurance maintained by the County of Nevada shall be excess only and not contributing with Contractor's insurance;
- (iv) A provision that said insurance shall provide for thirty (30) days written notice to County of any termination or change in coverage protection, or reduction in coverage limits (except ten (10) days notice for non-payment of premium).

If §7 at page one (1) hereof shall require a Personal Auto policy, for each vehicle used including non-owned and hired automobiles, Contractor shall promptly provide proof of such insurance for a minimum of three hundred thousand dollars, (\$300,000), in combined single limits, and naming the County as additionally insured.

**8. Worker's Compensation:** (County Resolution No. 90674)

If §8 at page one (1) hereof shall indicate a **Worker's Compensation** insurance policy is required, Contractor shall maintain said policy as required by law, and shall promptly provide proof of such insurance evidenced by a certificate of insurance, or other documentation acceptable to County.

Before commencing to utilize employees in providing Services under this Contract, Contractor warrants that it will comply with the provisions of the California Labor Code, requiring Contractor to be insured for worker's compensation liability or to undertake a program of self-insurance therefor.

**9. Errors and Omissions:**

If §9 at page one (1) hereof shall indicate **Errors and Omissions** insurance is required, Contractor shall maintain either a professional liability or errors & omissions policy in the minimum amount indicated, and shall promptly provide proof of such insurance evidenced by a certificate of insurance, or other documentation acceptable to County.

**10. Miscellaneous Insurance Provisions:** (County Resolution No. 90675)

All policies of insurance required by this Contract shall remain in full force and effect throughout the life of this Contract and shall be payable on a "per occurrence" basis unless County specifically consents to "claims made" coverage. If the County does consent to "claims made" coverage and if Contractor changes insurance carriers during the term of this Contract or any extensions hereof, then Contractor shall carry prior acts coverage.

Insurance afforded by the additional insured endorsement shall apply as primary insurance, and other insurance maintained by County, its officers, agents and/or employees, shall be excess only and not contributing with insurance required or provided under this agreement.

At all times, Contractor shall keep and maintain in full force and effect throughout the duration of this Contract, policies of insurance required by this Contract which policies shall be issued by companies with a Best's Rating of B+ or higher (B+, B++, A-, A, A+ or A++), or a Best's Financial Performance Rating

(FPR) of 6 or higher (6, 7, 8 or 9) according to the current Best's Key Rating Guide, or shall be issued by companies approved by the County Risk Manager. In the event the Best's Rating or Best's FPR shall fall below the rating required by this paragraph, Contractor shall be required to forthwith secure alternate policies which comply with the rating required by this paragraph, or be in material breach of this Contract.

Failure to provide and maintain the insurance policies (including Best's ratings), endorsements, or certificates of insurance required by this Contract shall constitute a material breach of this agreement (herein "Material Breach"); and, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to suspend payments hereunder, or terminate this Contract, or both. (See §13, ¶2, below, as these provisions additionally apply to subcontractors.)

**11. Indemnity:**

Nothing herein shall be construed as a limitation of Contractor's liability, and Contractor shall indemnify, defend and hold harmless the County and its officers, officials, employees, agents and volunteers from any and all liabilities, claims, demands, damages, losses and expenses (including, without limitation, defense costs and attorney fees of litigation) to the extent caused by the negligent act, willful misconduct, or error or omission of Contractor, except such loss or damage which was caused by the negligence or willful misconduct of County or its officers, officials, employees, agents and volunteers.

**Personal Services**

**12. Contractor as Independent:**

In providing services herein, Contractor, and the agents and employees thereof, shall act in an independent capacity and as an independent Contractor and not as agents or employees of County.

**13. Assignment and Subcontracting:**

Except as specifically provided herein, the rights, responsibilities, duties and Services to be performed under this Contract are personal to the Contractor and may not be transferred, subcontracted, or assigned without the prior written consent of County. Contractor shall not substitute nor replace any personnel for those specifically named herein or in its proposal without the prior written consent of County.

Contractor shall cause and require each transferee, subcontractor and assignee to comply with the insurance provisions set forth herein at §§6, 7, 8, 9 and 10, to the extent such insurance provisions are required of Contractor under this Contract. Failure of Contractor to so cause and require such compliance by each transferee, subcontractor and assignee shall constitute a Material Breach of this agreement, and, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to suspend payments hereunder, or terminate this Contract, or both.

**14. Licensing and Permits:**

Contractor warrants (i) Contractor is qualified and competent to provide all Services under this contract; (ii) Contractor and all employees of Contractor hold all necessary and appropriate licenses therefor, including those licenses set forth at §14, page one (1) hereof; and, (iii) Contractor shall obtain, and remain in compliance with, all permits necessary and appropriate to provide said Services. Contractor shall cause said licenses and permits to be maintained throughout the life of this Contract. Failure to do so shall constitute a Material Breach of this agreement, and, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to suspend payments hereunder, or terminate this Contract, or both.

**Public Contracts**

**15. Prevailing Wage and Apprentices:**

To the extent made applicable by law, performance of this contract shall be in conformity with the provisions of California Labor Code, Division 2, Part 7, Chapter 1, commencing with Section 1720 relating to prevailing wages which must be paid to workers employed on a public work as defined in Labor Code §§ 1720, et seq.; and shall be in conformity with Title 8 of the California Code of Regulations §§ 200 et seq., relating to apprenticeship. Contractor shall comply with the provisions thereof at the commencement of Services to be provided herein, and thereafter during the term of this Contract. A breach of the requirements of this section shall be deemed a material breach of this contract. A copy of the relevant prevailing wage as defined in Labor Code §1770 et seq. is on file with the Department of Transportation, County of Nevada, 950 Maidu Avenue, Nevada City, California 95959. Copies will be provided upon request.

**16. Accessibility (County Resolution No. 00190):**

It is the policy of the County of Nevada that all County services, programs, meetings, activities and facilities shall be accessible to all persons, and shall be in compliance with the provisions of the Americans With Disabilities Act and Title 24, California Code of Regulations. To the extent this Contract shall call for Contractor to provide County contracted services directly to the public, Contractor shall certify that said direct Services are and shall be accessible to all persons.

**17. Nondiscriminatory Employment:**

In providing Services hereunder, Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, age, sex, national origin, political affiliation, ancestry, marital status or disability. This policy does not require the employment of unqualified persons.

**18. Prior Nevada County Employment (County Resolution No. 03-353):**

Effective July 22, 2003, it is the policy of the County of Nevada that former members of the Board of Supervisors, a former CEO, or a former Purchasing Agent, for a period of twelve (12) months following the last day of employment, shall not enter into any relationship wherein that former employee or former Board member receives direct remuneration from a legal entity that, during the last twelve (12) months of said employment or Board member's service, entered into a contract with, or received a grant from the County of Nevada. Provided however, that this prohibition shall not apply to any employee that did not personally approve a contract with or grant to said legal entity during the last twelve (12) months of said employment, and shall not apply when the Board of Supervisors did not approve a contract with or grant to said legal entity during the last twelve (12) months of said Board member's service.

A violation of this policy shall subject Contractor to all of the remedies enumerated in said resolution and as otherwise provided in law, which remedies shall include but not be limited to injunctive relief, cancellation and voiding of this contract by County, a return of grant money, a cause of action for breach of contract, and entitlement to costs and reasonable attorney fees in any action based upon a breach of contract under this provision.

**19. Cost Disclosure:**

In accordance with Government Code Section 7550, should a written report be prepared under or required by the provisions of this Contract, Contractor agrees to state in a separate section of said report the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of said report

**Default and Termination**

**20. Termination:**

A Material Breach of this Contract pursuant to the terms hereof or otherwise, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to immediately suspend payments hereunder, or terminate this contract, or both, **without notice**.

If Contractor fails to timely provide in any manner the services materials and products required under this Contract, or otherwise fails to promptly comply with the terms of this Contract, or violates any ordinance, regulation or other law which applies to its performance herein, County may terminate this Contract by giving **five (5) days written notice** to Contractor.

Either party may terminate this Contract for any reason, or without cause, by giving **thirty (30) calendar days written notice** to the other, which notice shall be sent by registered mail in conformity with the notice provisions, below. In the event of termination not the fault of the Contractor, the Contractor shall be paid for services performed to the date of termination in accordance with the terms of this Contract. Contractor shall be excused for failure to perform services herein if such performance is prevented by acts of God, strikes, labor disputes or other forces over which the Contractor has no control.

County, upon giving **sixty (60) calendar days written notice** to Contractor, shall have the right to terminate its obligations under this Contract at the end of any fiscal year if the County or the State of California, as the case may be, does not appropriate funds sufficient to discharge County's obligations coming due under this contract.

**Miscellaneous**

**21. Books of Record and Audit Provision:**

Contractor shall maintain complete records relating to this Contract for a period of five (5) years from the completion of Services hereunder. Said records shall include but not be limited to bids and all supporting

documents, original entry books, canceled checks, receipts, invoices, payroll records including subsistence, travel and field expenses, together with a general ledger itemizing all debits and credits

Contractor shall permit County to audit said records as well as such related records of any business entity controlled by Contractor. Said audit may be conducted on Contractor's premises or at a location designated by County, upon fifteen (15) days notice. Contractor shall promptly refund any moneys erroneously charged and shall be liable for the costs of audit if the audit establishes an over-charged of five percent (5%) or more of the Maximum Contract Price.

**22. Intellectual Property:**

All original photographs, diagrams, plans, documents, information, reports, computer code and all recordable media together with all copyright interests thereto (herein "Intellectual Property"), which concern or relate to this Contract and which have been prepared by, for or submitted to Contractor, shall be the property of County, and upon fifteen (15) days demand therefor, shall be promptly delivered to County without exception. Provided however, for personal purposes only and not for commercial, economic or any other purpose, Contractor may retain a copy of Contractor's work product hereunder.

**23. Entire Agreement:**

This Contract represents the entire agreement of the parties, and no representations have been made or relied upon except as set forth herein. This Contract may be amended or modified only by written, fully executed agreement of the parties.

**24. Jurisdiction and Venue:**

This Contract shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue shall be in Nevada County, California.

**25. Compliance with Applicable Laws:**

The Contractor shall comply with any and all federal, state and local laws, codes, ordinances, rules and regulations which relate to, concern or affect the Services to be provided by this Contract.

**26. Notices:**

This Contract shall be managed and administered on County's behalf by the department and the person set forth at §26, page one (1) of this Contract, and all invoices shall be submitted to and approved by this Department. In addition to personal service, all notices may be given to County and to Contractor by first class mail addressed as set forth at said §26 Said notices shall be deemed received the fifth (5th) day following the date of mailing or the earlier date of personal service, as the case may be.

**27. Authority:**

All individuals executing this Contract on behalf of Contractor represent and warrant that they are authorized to execute and deliver this Contract on behalf of Contractor.

**IN WITNESS WHEREOF**, the parties have executed this Contract effective on the Beginning Date, above.

**CONTRACTOR:**  
**Parsons Brinckerhoff, Inc.**

**COUNTY OF NEVADA:**

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Board of Supervisors, Chairman

\_\_\_\_\_  
Title:

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

## Exhibit A



**Parsons  
Brinckerhoff**

350 W. Washington Street  
Suite 300  
Tempe, AZ 85281  
Main: 480-966-8295  
Fax: 480-966-9234

January 21, 2015

Joshua Pack  
Principal Civil Engineer and County Traffic Engineer  
Nevada County Department of Public Works  
950 Maidu Avenue, 1st Floor  
Nevada City, CA 95959

**Subject: Revised Proposal for the Update of the Local Traffic Mitigation Fee Program**

Dear Mr. Pack:

Thank you for selecting Parsons Brinckerhoff (PB) to perform the 2015 update of the Local Traffic Mitigation Fee Program.

As a follow-up to our selection as the preferred consultant, we discussed with you the changes that you would like for us to make to our proposed scope of work and budget. These changes are:

Task 4, Update the LTMF Project List: The RFP stated that proposers should assume that planning-level schematics and cost estimates would be needed for up to 10 sites. You have now indicated that 5 sites will suffice. The hours for this task have therefore been halved.

Task 9, Presentation to the Board of Supervisors: Our proposal assumed that PB would prepare the slideshow and make the presentation. You have indicated that you will do this yourself and that PB need only be available in the room to answer any questions. We have therefore reduced the hours for this task from 12 to 3.

Task 10, Prepare Final Documents: You have indicated that the County will not need an Administrative Manual and that you will draft the resolution for fee adoption yourself. PB's fee will be reduced by 6 hours to account for this.

As a result of these changes our proposed budget is reduced from \$50,889 to \$43,909 (see attached table, with figures shown in red font to indicate changes from the table in our original proposal). Parsons Brinckerhoff agrees to these changes.

Please let us know if you have any questions about these revisions to our technical and cost proposals. We look forward to working with you on this study,

Sincerely,

**Parsons Brinckerhoff, Inc.**

Darren Henderson, AICP  
Principal in Charge





## 6.4 Work Plan and Deliverables

Based on our extensive experience in impact fee programs we have prepared a technical approach centered on three main objectives, namely:

- *Revenue Generation* – The purpose of an impact fee program is to generate sufficient revenues to fund improvements needed to mitigate the cumulative impacts of new development. Parsons Brinckerhoff is able to help clients craft a program that generates the maximum amount of revenues allowable under state law.
- *Defensibility* – California is a litigious state and unfortunately impact fee programs are sometimes challenged by developers seeking to avoid paying for their impacts.

Parsons Brinckerhoff has a solid understanding of the Mitigation Fee Act and is consistently able to demonstrate through study documents that our fee programs are based on substantial evidence and meet all of the requirements established in state law and federal court rulings. This will deter most potential challengers and will provide a solid defense if a challenge does go to court.

- *Easily Administered* – Like most of our clients, Nevada County has limited staff resources and a multitude of duties and so needs a program that is easy to administer. Parsons Brinckerhoff is unusual among consultants in that we have experience in the actual implementation of fee programs, not just the study stage. This facilitates the development of administrative procedures and manuals that are practical and user-friendly.

With these objectives in mind we have crafted a technical approach that meets the requirements set forth in Section 5 of the RFQ dated November 20, 2014. The descriptions of major tasks are provided below, while Exhibit 1 is a flowchart showing how the tasks relate to one another and the sequence in which they will be performed, and shows how the technical tasks fulfill the requirements of the SOQ.

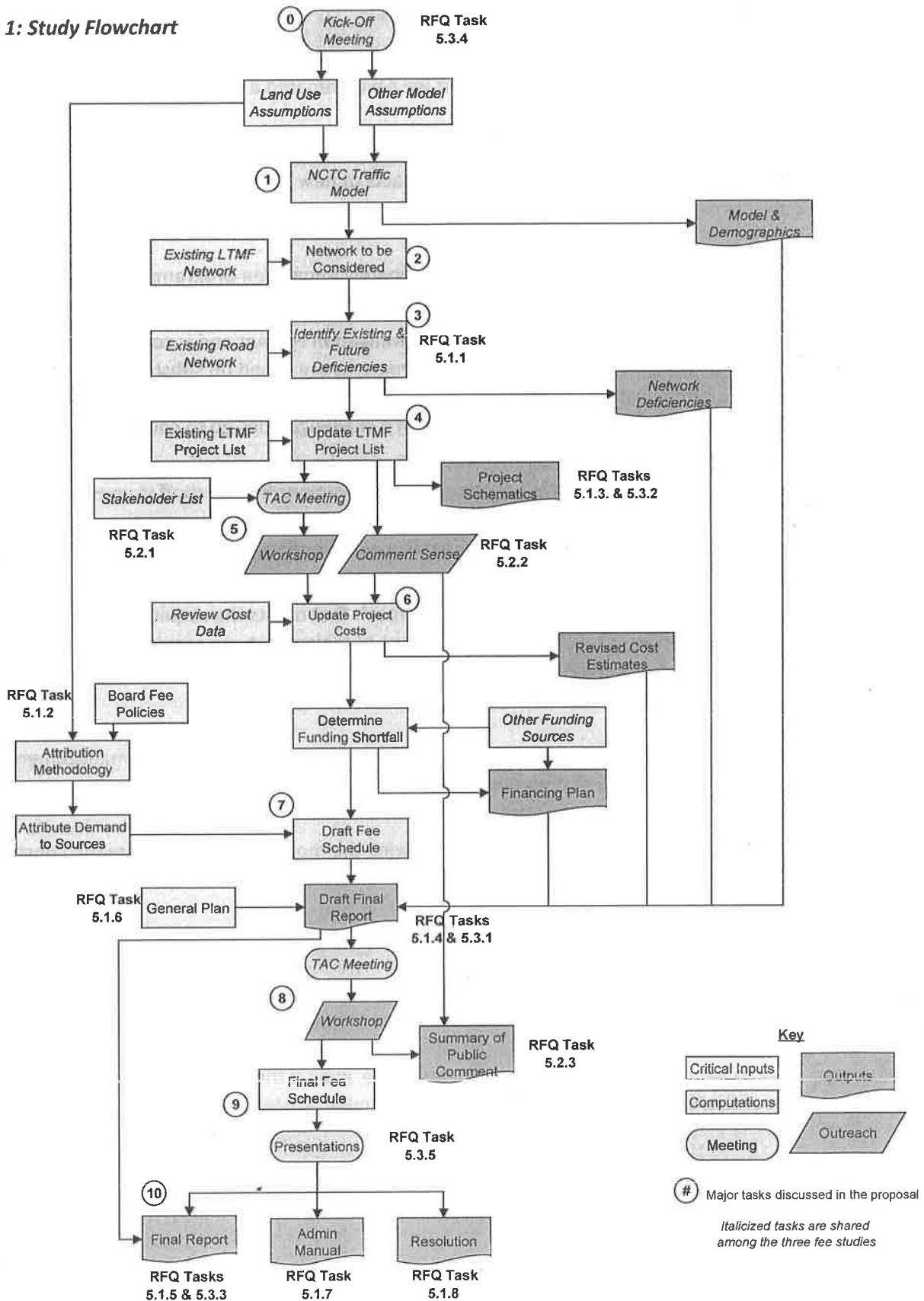
As suggested in the RFQ we have framed our proposal around an integrated, unified project management approach to take advantage of overlaps between the concurrent fee studies for NCTC, Nevada County, and the City of Grass Valley. We envision that the three studies will share the following tasks:

- Testing a running the NCTC model. This includes reviewing the model assumptions, creating post-processing spreadsheets, and performing model runs for existing and future traffic conditions with and without improvements.
- Participating in technical advisory committee meetings.
- Reviewing trends in cost escalation for project inputs.
- Conducting stakeholder workshops.
- Writing chapters for the study report concerning assumptions and methodology.

These tasks would have to be performed for each study in any case, even if the other studies were not taking place. Sharing the cost of these common tasks among the three studies will lower the cost of each.



Exhibit 1: Study Flowchart





As suggested in the SOQ, the task list below is more detailed and comprehensive than the task list shown in the SOQ, but provides a clearer description of how the work will actually be performed.

#### **Task 0: Project Management and Coordination**

**Objective:** Coordinate the exchange of technical information and facilitate decision-making on the specific elements of the RTMF update between Parsons Brinckerhoff and NCTC and with other relevant agencies.

##### Activities:

1. Telephone calls, conference calls, emails, and other communications
2. Preparation of progress reports and monthly invoices.
3. Conduct Technical Advisory Committee (TAC) meetings

##### Discussion:

Nexus and fee updates may involve dozens of technical and policy decisions that require joint effort by the agency and the consultant. In our experience this is best accomplished through a series of meetings covering major topics supplemented with conference calls to discuss specific technical issues.

#### **Task 1: Review Demographic and Traffic Model Assumptions**

**Objective:** Determine if NCTC Traffic Model is suitable for LTMF program nexus analysis and fee schedule update and recommend model enhancements if needed.

##### Activities:

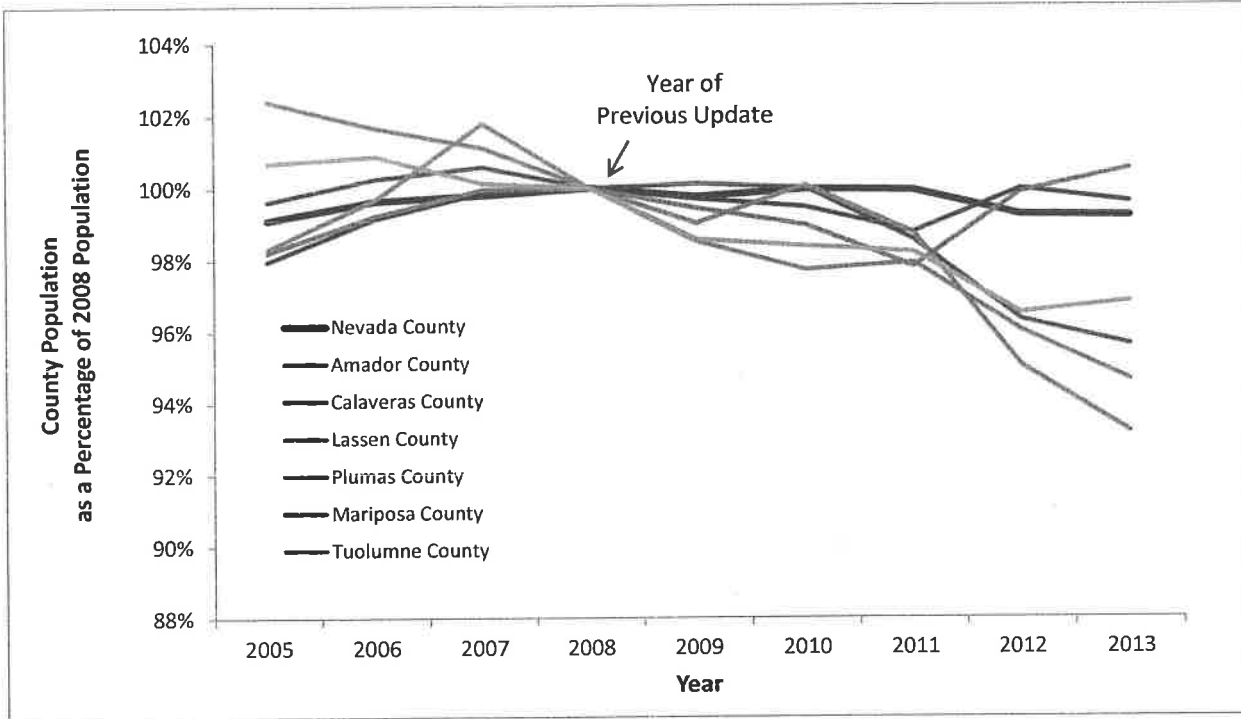
1. Obtain 2014 NCTC Traffic Model existing year and future year demographic data, trip tables, and loaded networks.
2. Review NCTC Model's analysis features and capabilities
3. Review NCTC Traffic Model's demographic assumptions.
4. Review NCTC Model's network extents and other assumptions.

##### Products:

1. Technical memorandum summarizing our review of the NCTC Traffic Model to validate its use as the basis for the LTMF program nexus analysis.

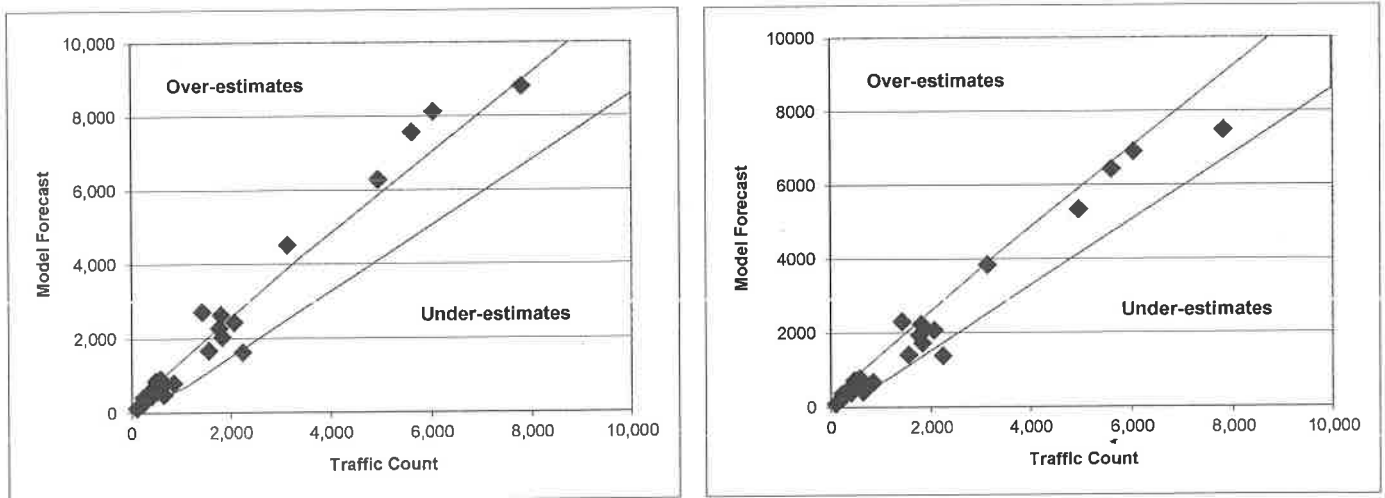
##### Discussion:

**Demographic Review:** Population was rising in Nevada County at the time of the last nexus study update, but has since been in decline, as it has in other foothills counties in recent years (see Exhibit 2). This issue must be handled very carefully since a declining population could be considered a prima facie indication that there will be no growth and so no growth impacts that need to be mitigated. Parsons Brinckerhoff will carefully analyze this phenomenon with particular attention given to household size and the spatial distribution of population to determine whether there may be short term increases in the driving population in certain areas that could lead to the need for roadway improvements, even if the county-wide total population remains unchanged or declines further. Furthermore, we will consider continuing changes in population and employment as the economy further improves. We will review and advise County staff if any model or fee program revisions are necessary in this regard.



**Exhibit 2: Recent Population Trends in Foothill Counties**

Model Review: The NCTC traffic model will be a key analytical tool for the fee study. For the purposes of legal defensibility it is important that it be given an independent peer-review. Parsons Brinckerhoff will draw upon its extensive experience in developing and updating regional transportation models to facilitate the review. In the past, Parsons Brinckerhoff has uncovered problems with traffic models that the owners never knew existed. For example, the figure at left in Exhibit 3 shows a comparison between PM peak-hour model volumes and actual traffic counts that we did for one of our fee study clients. As can be seen in the figure, the client’s model systematically over-predicted traffic volumes. If this model had been used as given the resulting fee program would have been vulnerable to legal challenge for over-stating project impacts. Parsons Brinckerhoff was able to fix the model so that it replicated traffic forecasts within the performance standards set by the State.



**Exhibit 3: Model Volumes vs. Traffic Counts Before (left) and After (right) Parsons Brinckerhoff Model Improvements<sup>1</sup>**

<sup>1</sup> The shaded area shows Caltrans’ validation standard for traffic models. 75% of validation points must fall within the shaded area for the model to be considered a valid basis for planning purposes.



The Parsons Brinckerhoff staff selected for this project are particularly suited to perform the model testing task, having developed or tested dozens of TransCAD models in California. Prior to joining Parsons Brinckerhoff, Don Hubbard led the development of both the 4-D model component<sup>2</sup> and the dynamic validation technique<sup>3</sup> used in the development of the NCTC model and is intimately acquainted with the strengths and weaknesses of this class of models.

### **Task 2: Review LTMF Network and Suggest Changes as Needed**

**Objective:** Determine if the facilities constituting the LTMF network have been correctly identified.

#### Activities:

1. Evaluate the criteria used to identify the facilities in the RTMF network.
2. Suggest changes as needed.

**Discussion:** It is well understood that the LTMF cannot and should not be used to fund every road improvement that will be needed in Nevada County, and that some facilities should be funded through other mechanisms. We will work with County staff to identify which roads are potential candidates for LTMF funding.

### **Task 3: Review and Confirm Future Deficiencies and Needs**

**Objective:** Identify which facilities in the LTMF network will have capacity problems in the future as a result of the impacts of new development and what mitigation will be needed to provide sufficient capacity.

#### Activities:

1. Review previous analyses of future deficiencies.
2. Use the NCTC Traffic Model to forecast existing and future year traffic conditions on the LTMF network.
3. Use planning-level Level of Service LOS and volume-capacity (V/C) ratio criteria to identify/confirm facilities where forecast volumes exceed capacity. Up to twenty (20) locations will be analyzed.
4. Identify/confirm improvements needed to provide sufficient capacity to serve the forecast demand at the target LOS.

#### Products:

1. Technical memorandum summarizing our analysis of future deficiencies and needed improvements.

**Discussion:** Determining where future capacity deficiencies will occur and how much is attributable to new development, as opposed to existing deficiencies, is a key element of any impact fee nexus study. There are three possible cases (see Exhibit 4), namely:

- In Case 1, the facility is operating at below its capacity under existing conditions and is forecast to continue to do so under horizon-year conditions. In such cases there is no deficiency, no significant impact from new development and so no impact fees can be collected for the project.
- In Case 2 the facility operates below its maximum capacity under existing conditions but the capacity is insufficient to accommodate the expected future growth in traffic. In such cases the need to provide

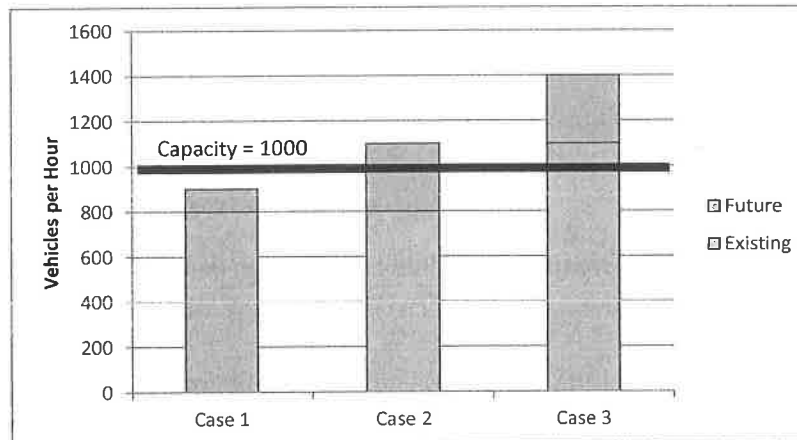
<sup>2</sup>See "Building the 4Ds into Travel Demand Models," presented to the American Metropolitan Planning Organizations Travel Modeling Subcommittee, February 2004

<sup>3</sup>"Dynamic Validation of Travel Demand Models," published and presented at the ITE District 6 Annual Conference, Sacramento, California, April 2004.



additional capacity is entirely attributable to new development.

- In Case 3 the traffic using the facility already exceeds its rated capacity and the expected growth in traffic will exacerbate the situation. In such cases the percentage attributable to new development is the portion of the volume beyond the rated capacity that comes from new development.



**Exhibit 4: Examples of How the Percent Attributable to New Development is Determined**

As can be inferred from Exhibit 4 the three main inputs required for this analysis are model runs for existing and future conditions and the capacity for each facility. The capacity is based on the LOS target set by agency policy, which is LOS "E" in the case of the RTMF network. A less obvious input is the policy on which analysis period should be used; using peak-hour volumes and capacities is likely to yield a much different result than using daily traffic volumes and capacities, even though either one would be allowable under state law. Parsons Brinckerhoff is adept at helping clients select policies that reflect the goals set for the program.

#### Task 4: Update the LTMF Project List

**Objective:** Revise the LTMF project list based on updated information to serve as the basis for the LTMF program nexus and associated fees.

##### Activities:

1. Based on the deficiencies identified in the previous task, update the LTMF project list.
2. Prepare planning-level schematics for up to 10 sites on the LTMF project list.

**Discussion:** The LTMF project list represents a fundamental element in updating the LTMF program nexus and associated fees. The list identifies the regional roadway improvements necessary to mitigate the transportation impacts of new development on the road under the jurisdiction of Nevada County. It also estimates the costs (see Task 5) associated with implementing the roadway system improvements identified and therefore provides a core variable in the formula for calculating the fee level for the RTMF program.

#### Task 5: Seek Input and Consensus on Project List

**Objective:** Gather input from relevant agencies and stakeholders on the draft project list.

##### Activities:

1. Conduct a TAC meeting to review the draft project list.
2. Develop a list of stakeholders to be contacted. The list will be reviewed by the TAC prior to use.



3. Conduct a workshop for member agencies and stakeholders to explain why the update was done, how future deficiencies were identified, and the draft project list.
4. Prepare a website to inform the public of the study and to seek input on projects and fee policies.

#### Products:

1. Presentation materials for use in the TAC meeting and workshop
2. Project website.

Discussion: A project list must reflect the priorities and concerns of the affected agencies and stakeholders and so its development must be treated as a policy dialogue rather than a technical calculation. Moreover every project in the current project list has a history that stakeholders will want to see taken into account in the deliberations. Parsons Brinckerhoff will work with County staff develop a draft project list which we will then present to the TAC. Following revisions suggested by the TAC, the list will be presented in a stakeholder workshop to get input and buy-in from stakeholders.

In addition, other stakeholders in the community such as local businesses and private developers may want to provide input to the process. For these reasons Parsons Brinckerhoff will conduct interactive workshops at two critical points during the study. The first workshop will occur after the draft project list has been developed. Based on previous experience, the outcome of this workshop is likely to be several options for the project list with the choice of options referred to the Board for a decision.

In addition to the workshops, Parsons Brinckerhoff proposes to seek public input by creating a joint website for the three fee program updates which will be built to be mobile-enabled and include:

- Homepage with a picture carousel and key facts
- Information on each fee program and its history
- Need for fees and their role in overall funding
- Benefits to the region
- Public meeting schedule
- Report/meeting materials
- Contact information
- Public comment interface (CommentSense®)

In addition to this forward-facing information, Parsons Brinckerhoff will use CommentSense®, our proprietary web-based software tool designed to facilitate the capture, storage and management of stakeholder/customer comments. The interface includes functionality to submit, read, respond to, annotate, approve, and track comment data through a standard web browser. More information on Comment Sense® is provided at the end of this section.

#### **Task 6: Update the Project Cost Estimates**

Objective: Ensure that the project cost estimates are a reasonable basis for determining the LTMF program nexus and associated fees.

#### Activities:

1. Review trends in unit costs for road projects.
2. Review previous cost estimates for projects in the updated project list.



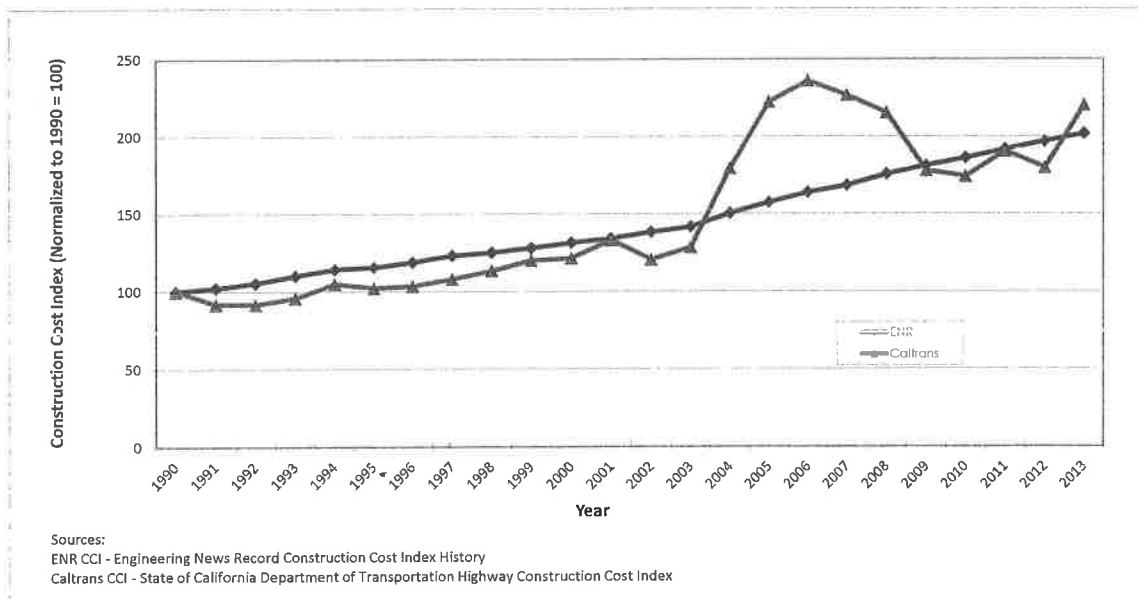
**Products:**

1. Technical memorandum describing the process for updating project costs, and the results.

**Discussion:** We assume that like most nexus updates this one will start with an existing set of project cost estimates. To the extent that these cost estimates exist it would be preferable for Parsons Brinckerhoff to provide a peer-review and update of existing estimates rather than creating new estimates entirely from scratch. This is both to reduce the cost of the nexus study as well as to avoid the legal and political problems that could result from having inconsistent cost estimates for the same project. Our peer review will focus particularly on cases where the previous cost estimates seem significantly different from the cost of similar projects elsewhere. This may be due to special circumstances concerning the project or may be due to errors in unit costs or quantities of inputs. In either case the reasons need to be documented and, if in error, corrected. If no cost estimate exists for a specific improvement then we will draw on our database of project costs to produce a defensible planning-level estimate. Preparation of updated cost estimates for up to ten (10) improvements are budgeted.

As part of this task Parsons Brinckerhoff will factor up cost estimates made in the past to reflect inflation. There are several data sources to choose from for doing this, including the Engineering News Record (ENR) cost index and the Caltrans Construction Cost Index (CCI) for road projects. These draw from different data sources and produce somewhat different results. The ENR index is based on a monthly survey of average costs for labor and various common construction materials in the twenty largest metropolitan markets in the United States; in other words it is based on input costs. In contrast the Caltrans CCI was based on bid prices for actual projects and so includes the profit or loss to the bidding firm. The inclusion of expected profits makes the Caltrans CCI much more volatile than the ENR index. As can be seen in Exhibit 5 the Caltrans CCI shot up during the construction boom of the mid 2000's and then dropped precipitously during the ensuing economic downturn, in contrast to the comparatively steady pace of the ENR index.

In our view the stability of the ENR index in light of short term fluctuations makes it a better basis for a fee program than the Caltrans CCI, since it precludes gamesmanship in the timing of development applications in response to short-term conditions.



**Exhibit 5: Comparison of Changes in Construction Price Indices**





### **Task 7: Update the LTMF Fee Schedule**

**Objective:** Prepare a new fee schedule that assigns financial responsibility for LTMF projects to new development in accordance with their contribution to the need for each improvement and in accordance with the framework established in the Mitigation Fee Act.

#### **Activities:**

1. Review other (non-LTMF) potential funding sources for LTMF projects and determine the funding shortfall for each project.
2. Use the NCTC Traffic Model to attribute responsibility for needed improvements between existing and new demand and, within the category of new demand, between residential and non-residential development.
3. Based on the two previous activities, determine an appropriate fee level for each trip type (i.e. a draft fee schedule).
4. Using the draft fee schedule, determine the approximate revenue yield of the LTMF over the study period, taking into account and reductions or exemptions offered by Board policy.
5. Prepare a financing plan that identifies funding sources for each LTMF project.
6. Assess the nexus and supporting work to ensure full compliance with the Mitigation Fee Act.
7. Compare the proposed fees to the existing LTMF fee structure and to similar fees in peer counties.
8. Submit the Draft Final Report for County review. For budgeting purposes we have assumed that ten (10) copies of all working papers and draft reports will be submitted.

#### **Products:**

1. Draft Financing Plan outlining the expected funding sources for each LTMF project and its approximate implementation date.
2. Draft Final Report incorporating the previous papers and documenting the process for updating fees, and the results of the update.

**Discussion:** This task is the heart of the study. The documentation of the LTMF program nexus in accordance with the provisions of the Mitigation Fee Act will require the completion of several specific subtasks. Each subtask will build upon the outcomes of previously completed tasks and subtasks to progressively establish the necessary policy guidance and technical basis that will document the nexus for any changes to the current LTMF program.

While the updated LTMF project list and NCTC Traffic Model will have a direct impact on the LTMF nexus, numerous other policies also guide the nature of the LTMF program. As part of the overall review of the LTMF nexus and development of an updated fee schedule, policies related to the fee allocation methodology will be re-evaluated. Parsons Brinckerhoff will identify alternative methodologies for consideration by County staff and the TAC and will facilitate selection of a preferred strategy to be employed in the fee schedule update.

Consideration of what other (non-LTMF) funds may be available for CIP projects requires considerable thought. If the estimate is too conservative (i.e. little other funding is anticipated) then the program could be challenged for assessing fees that are too high if additional funding in fact materializes. On the other hand if the estimate of other funds is too optimistic then fees will be set too low and you could end up with funding gaps or even have to return fees for projects that cannot be built for lack of counterpart funds. Parsons Brinckerhoff will work with County staff to determine how much funding is reasonably expected to be available for improvements on the project list from sources other than the LTMF. This task will rely heavily on existing agency documents with



Parsons Brinckerhoff's role being to put the information made available by the agency into a format usable for a nexus calculation.

Parsons Brinckerhoff will apply the results of the various technical analyses to develop an updated fee schedule for the RTMF program. The updated fee schedule will consider modifications to the fee calculation formula and to the specific formula variables to reflect the preferred fee allocation methodology identified by the County and TAC as part of this task.

With the recommended updated fee schedule, Parsons Brinckerhoff will complete a review of the overall nexus development process to assess the potential for legal exposure as a result of modifying the current LTMF program assumptions, nexus, and fee schedule. Drawing from our previous experience with the requirements of the Mitigation Fee Act, Parsons Brinckerhoff will conduct a comprehensive review of the specific nexus assumptions and fee calculation methodology. Based on the findings of this review, Parsons Brinckerhoff will incorporate revisions, as appropriate, to the nexus assumptions and fee calculation methodology.

Parsons Brinckerhoff will review with the County and stakeholders several recent changes in State law that may have a bearing on some impact fee programs. These include:

- The Mitigation Fee Act was amended, as of January 1, 2011, to require agencies to either adopt lower fees for transit-oriented infill developments meeting certain criteria or adopt a finding stating that lower fees are not warranted. In either case, the law implies that the agency must base its decision on some sort of analytical assessment of the trip generation rates for transit-oriented infill developments compared with trip-generation rates for similar projects that are not served by high-quality transit. At present no site in Nevada County would meet the State's criteria for mandatory provision of a fee reduction (see definition of "transit station" in CGC Section 65460.1.). Nevertheless, it would be prudent for the County to pro-actively adopt a resolution offering a LTMF reduction in the event that a development site ever meets the State's criteria. This will keep the LTMF program compliant with state law and preclude the possibility of a developer challenging the program over a legal technicality.
- SB-743 is likely to replace vehicular level-of-service with some other metric, most likely vehicle-miles of travel (VMT), as the basis for traffic impacts under CEQA. The significance threshold is likely to be set at the regional average VMT/household (for residential development) or VMT/job (for non-residential development). The law will go into effect in 2015 in major metropolitan areas and is scheduled to go into effect state-wide in 2016.

There are two ways that the County could view this development:

1. The County could look at this as an opportunity to switch from a program emphasizing the auto mode to one with a much larger alternative modes component. The LTMF fees would then be used for bicycle and pedestrian enhancements and for improved transit services that would somewhat mitigate the VMT generated by new development. This assumes that local stakeholders would be willing to support such a change in emphasis. Or,
2. Although the Mitigation Fee Act (1987) postdates CEQA (1970) it is based on local jurisdictions' long-established police powers and court cases going back at least fifty years (see, for example, *Ayers*

<sup>2</sup>The Office of Policy and Research (OPR) is currently studying which metric to use.

<sup>3</sup> See OPR memorandum on CEQA Guidelines Update dated August 6, 2014, which notes that "SB 743 and these proposed Guidelines both recognize that jurisdictions maintain their ability to retain and enact fee programs, including those based on level of service. The proposed Guidelines explicitly state that they do not limit the discretion of public agencies in implementing other laws, including city and county general plans, zoning codes and other planning laws."



*v. City of Los Angeles, 1949*). So the County has the option to continue with the LTMF in its current form if it so chooses regardless of changes in CEQA . It need only demonstrate that a “reasonable relationship” exists between the conditions of a project’s approval and its development impacts. A properly-constructed nexus study will accomplish that.

Parsons Brinckerhoff will consolidate the outcomes of the previous tasks and will prepare a Draft Final Report detailing the assumptions, methodology and recommendations for the LTMF nexus and fee schedule update. Parsons Brinckerhoff will provide a draft report in Adobe Acrobat PDF format to be distributed electronically to the various participants in the TAC and meeting and public workshop.

#### **Task 8: Seek Input and Consensus on the Draft Fee Schedule**

**Objective:** Seek comment and stakeholder input on the technical tasks and the draft fee schedule, with a view towards correcting any errors or omissions and cultivating a consensus on the revised fees.

##### Activities:

1. Conduct a TAC meeting to review and (if necessary) revise the Draft Final Report.
2. Conduct a workshop for member agencies and stakeholders describing how project costs were updated, funding from other sources was estimated, deficiencies attributed to sources of travel demand, and the draft fee schedule.
3. A summary of public comment received at the workshop and through the website.

##### Products:

1. Presentation materials for use in the TAC meeting and workshop.
2. Project website.

**Discussion:** The second TAC meeting and workshop will take place after the fee schedule has been developed and the Draft Final Report prepared. At these meetings Parsons Brinckerhoff will summarize the work done to date, present the draft fee schedule, and compare the proposed fees with the existing fee structure and with fees in peer counties. If the previous workshop resulted in several options, then the corresponding fee structures will be discussed and compared. The purpose will be to work towards a consensus regarding the mix of projects and fee levels that best fit the needs of Nevada County residents.

#### **Task 9: Presentation to Board of Supervisors**

**Objective:** Review the study and its outputs with the Board of Supervisors to enable them to make the legally-required nexus findings and to adopt the fee schedule, with changes if they so choose.

##### Activities:

1. Prepare and present materials summarizing the nexus update to the County Board of Supervisors.

##### Products:

1. Presentation materials.

**Discussion:** The Mitigation Fee Act requires the implementing agency to make certain official findings with regard to the nexus between project impacts and the fees being imposed. The purpose of this task is to assist



the Board of Supervisors to make those findings. At the same meeting the Board should discuss and adopt the updated fee schedule including changes (if any) they choose to make in it.

**Task 10: Prepare Final Documents**

**Objective:** Finalize the documents needed to adopt the updated fee structure and to implement the program going forward.

**Activities:**

1. Based on the comments received during the agency review and workshops, Parsons Brinckerhoff will revise the draft document prepare the Final Nexus Study Update Report.
2. Prepare an Administrative Manual providing guidance to staff on how the LTMF program is to be administered.
3. Draft a resolution making the required findings in the nexus study and adopting the updated fee schedule.

**Products:**

1. Final Nexus Study Update Report.
2. LTMF Administrative Manual.
3. Resolution making the required findings in the nexus study and adopting the updated fee schedule.

**Discussion:** Parsons Brinckerhoff will finalize the Nexus Update Study Report based on comments received through agency review and at the workshops. Parsons Brinckerhoff will submit twenty (20) bound and one unbound copy as well as an electronic copy.

The Administrative Manual sets forth the procedures for implementing the LTMF program. Parsons Brinckerhoff will update the LTMF Administrative Manual to reflect the updated fee schedule, nexus, and related LTMF program assumptions. Parsons Brinckerhoff will produce three (two bound and one unbound) copies of the LTMF Administrative Manual.

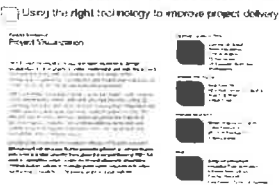
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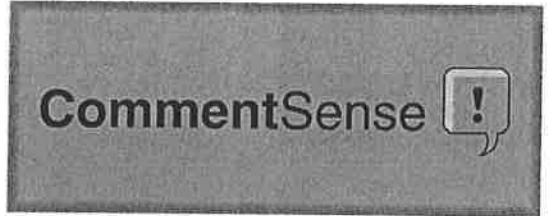


Learn more about Project Viz



CommentSense® is Parson Brinckerhoff's proprietary, web-based software tool designed to facilitate the capture, storage and management of stakeholder/customer data by demographics, by submissions, and by individual issues (categories). CommentSense® is a partially-customized database application that streamlines the collection, tracking and analysis of data input. The interface includes functionality to submit, read, respond to, annotate, approve, and track data through a standard web browser.

Data records are managed through a user-friendly administrative interface, which includes functionality to: manage display fields; add, edit and archive records; track record status; document response actions for individual records; search and query data subsets using specific search criteria; manage stakeholder mailing list and send broadcast emails; and export and print data record subsets in various reporting formats, including Microsoft Word, Microsoft Excel and Adobe PDF.



Multiple levels of security ensure CommentSense® can be configured to meet any program's administrative needs, including the ability to build in workflow and business process rules. CommentSense® requires only the Adobe PDF viewer (free application widely available) and runs using a standard web browser and internet connection; no other third-party software or specialized hardware is required. This software is non-transferrable and must be hosted by Parson Brinckerhoff.

## Features

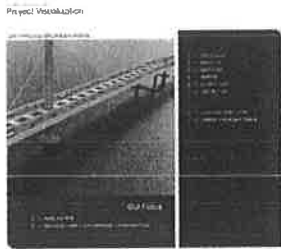
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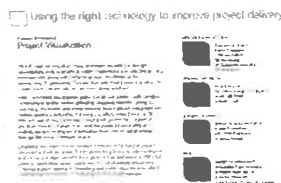
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### Submission List

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Status(count): Unread(24) Action Completed(1)

#	Record Date	Status/Files	Last Name	Add In Mailing List	Submission Content/Notes	Add Note	Send Email	Email/Notes	Comment	Public PDF	Complete PDF	Edit	Show/Hide
11	11/19/2009	[ ]	Stewart	Yes	I would like to know the position of my state and federal legislators. My tax money would be better spent on other projects. I don't want state or federal money spent on this. I support improving public transportation, not expanding this road.	[ ]	[ ]		[ ]	[ ]	[ ]	[ ]	Hide
50	11/19/2009	[ ]	Prt	Yes	Why isn't DOT looking at the XYZ corridor study? Sounds like it would be better to fund the 2nd phase of that study before starting any new studies.	[ ]	[ ]		[ ]	[ ]	[ ]	[ ]	Hide
52	11/19/2009	[ ]	Anniaton		Heading east, right before the Blue Ridge spur, can be a total mess (I'm sure you all know this already, but I'm just saying). It'd be great if you get the 4 lanes going down to more than one under that viaduct.	[ ]	[ ]		[ ]	[ ]	[ ]	[ ]	Hide
48	11/19/2009	[ ]	Clooney		I've been told that construction is scheduled to begin on the Main in April, 2010. Is that true? What is the scope of the project?	[ ]	[ ]		[ ]	[ ]	[ ]	[ ]	Hide
47	11/19/2009	[ ]	Lunchbucket	No	How about adding an elevated non-stop year round bike lane along or on top of the Main. This would alleviate cyclists that drive downtown because they are tired of getting scooped by traffic.	[ ]	[ ]		[ ]	[ ]	[ ]	[ ]	Hide

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< Text Search >

Submission # Range [ ] - [ ]

Include Hidden Records

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**Legend**

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**Settings & Permissions**

## Development Standards

- Internet Explorer 6.0 or higher, Mozilla Firefox 2.0 or higher
- 1024 x 768 resolution (optimal)

## Contact Us for a Demo

- Ms. Robin Christians – Manager, PB | Project Visualization  
303-390-5926 or ChristiansRo@pbworld.com
- Ms. Allyson Powers – Project Manager, PB | Project Visualization  
303-390-5860 or PowersA@pbworld.com

## Fees & Customization

- Limited hours are required for consultation, set up, configuration, and customization of each CommentSense® implementation, and basic training.
- Software upgrades may become available and will be provided to existing application users at no additional cost.
- Custom features are available for an additional fee.

## Exhibit B

Revised Estimated Cost for Nevada County's Local Traffic Mitigation Fee (LTMF) Program 2015 Update

Task	Project Manager D. Hubbard	Principal In Charge D. Henderson	Supervising Planner C. Park	Senior Planner D. Block	Sr. Traffic Engineer R. Narayanan	Traffic Engineer A. Truong	Civil Engineer R. Yashimura	Stakeholder Outreach D. Mibus	Project Administrator I. Vargas	Direct Costs	Sub-Task Budget	% of Budget by Task
<b>1 Project Management</b>												
Monthly Status Reports & Invoices	16								8		\$5,030	
Stakeholder Meeting	1										\$903	25%
Call Record Calls on Tax Invoices Issues	1										\$2,401	
1st Technical Advisory Committee (TAC) Meeting	2										\$439	
2nd Technical TAC Meeting	2										\$888	
Board of Supervisors Presentation	3										\$81	
<b>2 Fee Program Update</b>												
Modeling												
Review Recommendations & Traffic Model Assumptions	1										\$1,100	
Adjusting Bids & Review	1										\$1,814	
Create Fee Calculating Spreadsheet	1										\$701	
Review Comments, Adjust Bids	2										\$563	
Approved Comments, Model Bids, Bids Comments	2										\$901	
Review Fee Spreadsheet, Model Bids, Bids Comments	2										\$303	
<b>Nexus Study</b>												
Review Transpo System needs & costs	8				12	12					\$5,474	61%
Review Transpo Inhibit Fees	1										\$404	
Schematics & Cost Estimates (up to 3 sites)	4										\$3,073	
Finalize Schematics, Prepare Drafting Package of Plans	4										\$2,841	
Prepare Financing Plan & Nexus Study	4										\$1,591	
Fee Allocation Methodology for Existing and Future Improvements	4										\$1,042	
Site Specific Feasibility and Assessment & Methodology	1										\$2,112	
Write Report Chapters Pertaining to LTMF Program only	8										\$2,833	
Review & Ensure General Plan Consistency	4										\$1,042	
<b>Fee Administration</b>												
Recommendations for LTMF Fee Administration	3										\$1,852	
Prepare Resolution											\$0	
<b>3 Conduct Public Outreach</b>												
Identify Stakeholders												
Develop and Deliver Outreach Presentations												
1st Open House Presentation, Outreach & Distribution												
2nd Open House Presentation, Outreach & Distribution												
3rd Open House Presentation, Outreach & Distribution												
Charge Rate for Tasks 1-4	\$252	\$265	\$158	\$113	\$177	\$96	\$149	\$185	\$125			100%
Charge Rate for Tasks 5-9 (after annual salary increases)	\$260	\$275	\$174	\$117	\$183	\$99	\$155	\$192	\$130			
<b>Total Costs</b>	\$20,371	\$2,994	\$4,199	\$2,042	\$3,819	\$2,558	\$1,547	\$5,172	\$1,003	\$203	\$43,909	34%

Note: 'x' indicates tasks occurring after the annual salary adjustments on July 1.



**To:** Email Distribution

**Cc:** C. Eby  
R. Blair  
R. Fuhrman  
P. Sheridan

**From:** Christopher Kidd  
Vice President, Manager of Government Contracts Compliance and Accounting

**Date:** December 10, 2013

**Subject:** Cost & Pricing Rate and Compliance Matters

This memorandum provides annual guidance on the following FY 2014 cost & pricing and compliance related matters:

- FY 2014 Projected Indirect Cost Rates
- The application of projected Federal Acquisition Regulation (FAR) compliant and non-FAR indirect cost rates for pricing proposals, negotiating provisional billing rates, and establishing contract ceiling rates with our public and private sector clients during the period of January 1, 2014 through December 31, 2014
- General Pricing Considerations
- Alltech, Inc. and PBESS, Inc. Pricing Structure

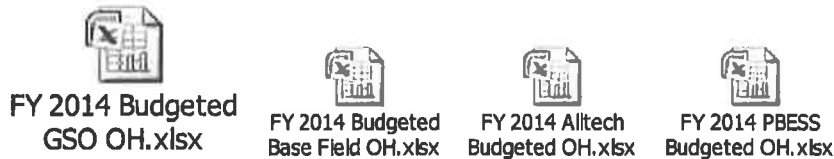
**1) FY 2014 Projected Indirect Cost Rates**

Overhead rates to be used for pricing proposals and negotiating contracts and contract amendments for FY 2014 (January 1, 2014 through December 31, 2014) are as follows:

<b>Rate Category</b>	<b>Parsons Brinckerhoff, Inc.</b>	<b>Alltech, Inc.</b>	<b>PBESS, Inc.</b>
General Service Office (GSO)(FAR)	157.7%	61.5%	190.8%
GSO (Non-FAR)	162.4%	100.8%	231.6%
Base Field (FAR)	115.0%		
Base Field (Non-FAR)	119.7%		

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The schedules are attached below.



These projections will be reviewed at the end of June and September to evaluate cost trends. If actual rates are trending materially different than the budget, revised rates will be published for the pricing of proposals, contracts and amendments for the remainder of the fiscal year.

The use of current cost or pricing data on our public sector contracts is required by the FAR and various agency procurement guidelines. In this environment, firm fixed price contracts that are not priced with the most current, accurate and complete overhead information available are at risk of reduced margins, potential losses, and regulatory penalties. Appropriate measures should be taken to obtain cost proposal reviews.

Guidance related to Halsall will be issued separately, as necessary, as Halsall will not utilize Parsons Brinckerhoff, Inc. rates for pricing the services of Halsall staff. Halsall should be treated in a manner similar to other third party subcontractors in those instances where Parsons Brinckerhoff, Inc. proposals require the use of such services.

## 2) Application of Projected Indirect Cost Rates

- **Use of Federal Acquisition Regulation (FAR) versus Non-FAR Rates**

The FAR indirect cost rates should be used with clients who apply the FAR as the basis of cost allowability.

Unless business considerations dictate otherwise, Non-FAR rates should be used when pricing work with clients who do not incorporate the requirements of the FAR into their contracts, or use the FAR as the basis of cost allowability. Non-FAR rates should be viewed as benchmarks in pricing projects for private clients, rather than definitive guidance, as higher billing rates can be negotiated based on individual project considerations or market conditions.

- **Use of General Service Office (GSO) – Home Office Rate**

The Parsons Brinckerhoff, Inc. Home Office (GSO) rate is used for pricing work that is executed from any of Parsons Brinckerhoff, Inc.'s office locations.

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- **Use of Base Field Rate**

The Base Field rate is applied to personnel working at offsite/client locations who have anticipated field assignments of more than 28 consecutive days. Field labor service types must be established for the specific charge number that a field employee will be using. The Base Field rate is also applicable to labor performed by all staff assigned to PBCS cost centers.

- **Project Office Rates**

Project specific overhead rates for major contracts must be agreed to by contract, and specific conditions must be met for the establishment of a project office overhead rate. Please contact me at (212) 465-5707 if you have a major project for which the use of a project office overhead rate is being considered.

### 3) **General Pricing Considerations**

- **Establishing Provisional/Ceiling Overhead Rates**

Consistent with regulatory requirements, the FY 2014 projected overhead rates are to be used for establishing provisional billing rates and pricing new contracts and amendments, unless a client requires the use of an audited overhead schedule. Ceiling rates negotiated on new contracts or modifications for multi-year effort should provide for escalated overhead rates for the duration of the contract. Should multi-year escalated rates be required you can contact me at (212) 465-5707.

- **Escalated Labor and Indirect Cost Rates**

When price proposals, contracts and amendments are for multiple years, escalated labor and overhead rates should be used unless the RFP or contract stipulates otherwise. The escalation rate to be used on direct and indirect salaries is 3.5%. Should you have a need for escalated overhead rates you should contact me directly at (212) 465-5707.

- **Overhead Rates Are Inclusive of CADD**

It is our policy to recover CADD costs through our indirect cost rates. Therefore, proposals should not be priced with direct unit rates for CADD effort.

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- **Out of Scope Work**

Every effort should be made, prior to performance of the work, to document client approval when requests are made for the performance of out of scope effort. Doing so will mitigate the risk of reimbursement issues upon billing for such work.

- **Current Cost or Pricing Data**

With public sector clients where we negotiate contracts subject to the requirements of the Truth in Negotiations Act (TINA), we must ensure the use of current cost or pricing data, which represents any information regarding price known at the time of negotiations. This includes the use of current labor and overhead rates, sub-consultant costs, and quotes for direct expenses. Cost or pricing data on such contracts must be certified, and failure to use current cost or pricing data could lead to a finding of defective pricing if the failure to use such data resulted in increased cost or fee on the contract. If such a finding is made the contract will be subject to adjustment of cost and fee, as well as application of interest and penalties. For further details regarding matters of defective pricing you can contact me at (212) 465-5707.

- **Use of Prior Year Audited Rates For Pricing (When Required by Client)**

Various state and local agencies and municipal clients require the use of the previous years' audited indirect cost rates for pricing purposes, rather than allowing the use of projected indirect cost rates. The following FY 2012 audited indirect cost rates should be used in these circumstances until FY 2013 audited rates are available in June of 2014.



FY 2012 GSO OH



FY 2012 Field OH

- **Unallowable Costs**

Unallowable costs are those costs that are deemed to be unallowable by law or regulation (FAR 31.205, state DOT requirements), or are mutually agreed to be unallowable by contract. With a large proportion of Parsons Brinckerhoff's US domestic contracts executed with Federal, state or local government clients who employ the FAR, Parsons Brinckerhoff's direct and indirect cost recovery is restricted by these unallowable cost requirements. Federal government clients and state DOT agencies using FHWA funds require corporate certification from Parsons Brinckerhoff that overhead rates are compliant with unallowable cost requirements.

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Such certifications can be obtained from my office when required. Invoicing expressly unallowable cost to government clients, whether as direct or indirect costs, can constitute a false claim, with potential civil and criminal penalties.

In addition to costs deemed expressly unallowable by regulation, costs directly associated with unallowable cost or activities can also be unallowable. Directly associated unallowable costs are any costs generated solely as the result of the incurrence of another unallowable cost, or performance of another unallowable activity.

It is Parsons Brinckerhoff's policy not to invoice unallowable costs to clients under any circumstances, as documented in Admin P&P 7.1.3 – Unallowable Costs – Guidance and Coding.

#### **4) Alltech, Inc. and PBESS, Inc Pricing Structure**

Alltech and PBESS operate as divisions of Parsons Brinckerhoff and execute and negotiate contracts under their statutory names, at their respective rates as included elsewhere in this guidance. The general pricing considerations outlined in this guidance apply to Alltech and PBESS proposals and contracts with public sector clients. Should a need be identified for rates applicable to the requirements of the Service Contract Act you can contact me or Chuck Desimio. General questions regarding Alltech and PBESS matter can be directed to Chuck Desimio (Alltech) at (703) 742-5893, Duane Harris (PBESS) at (281) 589-5803, or me at (212) 465-5707.

Should you have any questions regarding the rates or guidance included in this memorandum you can contact me directly at (212) 465-5707.

#### **Distribution:**

Company Presidents  
Division Presidents  
Geography Managers  
National Business Directors  
Chiefs of Staff  
Operations Managers  
Area Managers  
Business Managers  
Corporate Staff  
Finance Managers

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## Project Managers

**PARSONS BRINCKERHOFF, INC.  
AND CERTAIN SUBSIDIARIES (NOTE 1)  
PROJECTED SCHEDULE OF GENERAL SERVICE OFFICE OVERHEAD  
FOR THE PERIOD ENDED DECEMBER 31, 2014**

	<u>Total Costs (Note 2)</u>	<u>Percentage of Direct Labor</u>
<b><u>Direct Labor Base</u></b>	<b><u>\$ 199,050,046</u></b>	
<b><u>Fringe Benefits (Direct Labor)</u></b>		
Payroll Taxes	16,736,533	8.4
Group Insurance and Workers' Compensation	19,290,779	9.7
Fringe Salaries	25,503,624	12.8
Other Employee Benefits	8,165,795	4.1
<b>Total Fringe Benefits (Direct Labor)</b>	<b><u>\$ 69,696,731</u></b>	<b><u>35.0 %</u></b>
<b><u>General Overhead Expenses</u></b>		
Office Rent	34,912,893	17.5
Depreciation	4,178,366	2.1
Amortization	3,288,941	1.7
Repairs and Maintenance	5,600,585	2.8
Indirect Salaries	85,515,788	43.0
Fringe Benefits (Administrative)	28,650,311	14.4
Computer, Supplies, Reproduction	14,505,226	7.3
Travel and Related Expenses	6,354,785	3.2
Office Relocation and Moving	161,650	0.1
Communications	4,805,521	2.4
Subscriptions, Books, Publications	978,880	0.5
Consultant Fees	3,639,009	1.8
Additional Compensation	10,744,205	5.4
Miscellaneous Expenses	1,340,784	0.7
General Insurance Others	2,013,987	1.0
E & O Insurance	5,740,652	2.9
Other Taxes	1,514,418	0.8
State & Local Income Taxes	3,413,152	1.7
Audit and Legal	1,229,782	0.6
Bids and Proposals/Research and Development	25,061,161	12.6
<b>Total General Overhead Expenses</b>	<b><u>243,650,096</u></b>	<b><u>122.5</u></b>
<b>Total Allowable Overhead For Profit Calculation</b>	<b><u>\$ 313,346,827</u></b>	<b><u>157.5 %</u></b>
Facilities Cost of Capital (See Note 3)	304,428	0.2 %
<b>Total Allowable Overhead Including Facilities Cost of Capital</b>	<b><u>313,651,255</u></b>	<b><u>157.7 %</u></b>
<b><u>Non-Allowable Expenses:</u></b>		
Interest Expense	7,987	0.0
Bad Debts (Credit)	(72,904)	(0.0)
Professional Listings	883	0.0
Charitable & Unallowable FAR Costs	2,009,651	1.0
Entertainment	52,870	0.0
State Tax Expense	1,256,142	0.6
Federal Tax Expense	6,263,633	3.1
<b>Total Non-Allowable Overhead Expenses</b>	<b><u>9,518,262</u></b>	<b><u>4.7</u></b>
<b>Total General Service Office Overhead</b>	<b><u>\$ 323,169,517</u></b>	<b><u>162.4 %</u></b>

NOTE 1: INCLUDES PB FACILITIES, INC.; PB TRANSIT & RAIL SYSTEMS, INC.; PB CONSULT; PB MICHIGAN, INC.; PB OHIO, INC.; PB AVIATION, INC.; AVID ENGINEERING, INC.; KEYSTONE ENVIRONMENTAL & PLANNING, INC.; PB BOOKER ASSOCIATES, INC.; PB BOOKER ASSOCIATES, INC. OF KANSAS; PB BOOKER ASSOCIATES, INC. OF KENTUCKY; PB POWER US; PBFG; PB BUILDINGS-ST. LOUIS OPERATION; (CO.3,4,7,11,12,15,17,25,30,31,32,34,35 AND 42)

NOTE 2: THE SCHEDULE OF OVERHEAD HAS BEEN PREPARED ON THE BASIS OF ACCOUNTING PRACTICES PRESCRIBED BY PART 31, SUBPARTS 31.1 AND 31.2 OF THE FEDERAL ACQUISITION REGULATION. ACCORDINGLY, THE SCHEDULE IS NOT INTENDED TO PRESENT THE OVERHEAD OF THE COMPANY IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES.

NOTE 3: FACILITIES COST OF CAPITAL HAS BEEN CALCULATED IN ACCORDANCE WITH FAR PART 31.205-10.










I hereby certify to the best of my knowledge that the aforementioned rates are true and correct.

  
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Lloyd Graham      January 20, 2015  
Senior Vice President      Date