



Economic & Planning Systems

Public Finance
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Second Amendment to Agreement for Consulting Services

EPS #16497

This Second Amendatory Agreement is made and entered into this 3rd day of December 2007, by and between the Three Rivers Levee Improvement Authority, a California Joint Powers Authority (CLIENT), and Economic & Planning Systems, Inc., (CONSULTANT).

WHEREAS, CLIENT and CONSULTANT entered into an agreement on November 21, 2006, to provide professional consulting services (Agreement);

WHEREAS, CLIENT and CONSULTANT entered into the First Amendment to Agreement for Consulting Services on July 17, 2007, to provide professional consulting services (First Amendment to Agreement);

WHEREAS, CLIENT and CONSULTANT desire to further extend the budget and scope of the Agreement;

NOW, THEREFORE, CLIENT and CONSULTANT agree to as follows:

- 1. Exhibit A of Agreement. The Scope of Work of this Agreement shall be modified to include additional services as outlined in Attachment 1 to this amendatory Agreement. The authorized budget of this agreement shall be revised, as further outlined in Attachment 1, to increase the maximum not-to-exceed amount by \$75,000 from \$115,000 to \$190,000.

All other terms and conditions contained in the Agreement and First Amendment to Agreement shall remain in full force and effect.

This Amended Agreement is hereby executed on this 3rd day of December 2007.

Three Rivers Levee Improvement Authority
A California Joint Powers Authority

Signature of Paul Brunner
Paul Brunner, Executive Director

Economic & Planning Systems, Inc.
A California Corporation

Signature of Tim R. Youmans
Tim R. Youmans, Managing Principal

Signature of David Zehnder
David Zehnder, Managing Principal

Approved as to form:

Signature of Scott Shapiro
Scott Shapiro, TRLIA Counsel

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December 3, 2007



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Paul Brunner
Three Rivers Levee Improvement Authority
915 8th Street
Marysville, CA 95901

Subject: Second Amendment to Contract; EPS #16497

Dear Mr. Brunner:

Economic & Planning Systems, Inc., (EPS) looks forward to continuing work with Three Rivers Levee Improvement Authority (TRLIA). As requested, EPS is providing this amendment to the current contract with TRLIA to extend the authorized budget amount and expand the Scope of Work to reflect the current financing scenarios contemplated for a First Amendment to the Second Funding Agreement.

Scope of Work

EPS will provide technical support as outlined in **Attachment 1** to the Second Amendment to Agreement for Consulting Services (**Attachment 1**). It is EPS's intent to close out the current tasks (1 through 4) and roll their scope into a new consolidated **Task 5**. The scope of **Task 5** will include the administrative tasks previously included in **Tasks 1 through 4**, as well as the additional scope of preparing and assisting in the execution of a Financial Plan for Phase 4 levee improvements.

Budget

EPS proposes to revise the budget of the contract from \$115,000 to \$190,000 as outlined in **Attachment 1**. EPS has expended roughly \$113,000 of the \$115,000 approved budget through Fiscal Year 2007-08 and estimates that the remainder of the current year's work will require an additional \$75,000 to complete. Therefore, the total authorization in the contract amendment will be increased to \$190,000.

Schedule

EPS will complete authorized assignments on a mutually agreeable schedule. This amended agreement will continue to allow EPS to provide services through June 30, 2008.

EPS thanks you for the opportunity to continue working with TRLIA. To approve the Second Amendment, please sign and return one original agreement to EPS and keep the other one for your records. Please call Seth Wurzel at (916) 649-8010 if you have questions regarding this amendment.

Sincerely,

Tim R. Youmans
Managing Principal

David Zehnder
Managing Principal

attachments

12/1/807:BOD:Approved/ds

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Attachment 1

to

Second Amendment to Agreement for Consulting Services; EPS #16497

Exhibit A of the Agreement shall be revised and amended to read as follows. Exhibit A-Attachment 1 shall remain unchanged.

Amended Exhibit A

Scope of Work and Budget

1. Project Understanding

Economic & Planning Systems, Inc., (EPS) has been requested to provide financial consulting services and support to the Three Rivers Levee Improvement Authority (TRLIA) for the purpose of administering a funding program for Levee Improvements. These services are required to assist TRLIA in meeting its current contractual obligations under the "Second Agreement for Advanced Funding and Reimbursement of Costs for Levee Improvements" (Second Funding Agreement), as well as the proposed obligations under a First Amendment to that Agreement.

2. Scope of Work

TRLIA's contractual obligations with respect to the Second Funding Agreement have been outlined in a responsibility matrix that is included as **Attachment 1** to this **Exhibit A**. In general terms, the responsibility matrix outlines the tasks and activities that need to be performed as indicated in the Second Funding Agreement. The matrix also, in general terms, outlines the roles and responsibilities of parties to the agreement associated with each item or activity. Where EPS plays a role in assisting with these obligations, the matrix indicates a brief description of the role EPS will play in meeting the obligation. The general scope of the administration of the Agreement has been broken into four major categories. Each category is listed below with a more comprehensive description of the role EPS will play.

EPS also will provide additional ad hoc support to assist in the negotiation and implementation of a First Amendment to the Second Funding Agreement, as well as securing the needed financing to complete Phase 4 levee improvements.

To streamline the administration of this contract, by way of the Second Amendment to this Agreement, the scopes of **Tasks 1** through **4** outlined below will be combined and expanded into a single new consolidated **Task 5**. The expansion of the scope of work has been included in **Task 5's** detailed scope provided below.

The revised budget for a consolidated **Task 5** also has been provided with this **Exhibit A**.

Task 1: Capital Call Administration and Participant Administration

This portion of the administration program deals with the participants' obligations to deposit funds into an escrow account to advance fund levee improvements. The Agreement contemplates that, based on a funding pro forma developed by the participating landowners,

each individual landowner will deposit funds into the escrow account based on the amounts indicated in the pro forma. EPS will review this pro forma for its accuracy and consistency with the original methodology under which the pro forma was developed. The pro forma will be updated periodically as additional funds for levee improvements are received from outside sources and new participants are added to the program. Based on the amount of funds each participant deposits into escrow, they will be authorized to pull permits, based on a building permit authorization plan that links back to the funding pro forma. EPS also will review this plan to ensure its accuracy and consistency with the methodology under which it was developed originally.

Task 2: Building Permit Administration and Impact Fee Program

The funding agreement contemplates that Public Works Department and Community Development Department of the County will limit the number of building permits that can be issued based on certain terms in the agreement. EPS will work with TRLIA and its staff to help provide Public Works and Community Development the proper information so that building permit issuances do not exceed authorizations for the entities participating in the Second Funding Agreement. In addition, according to the Agreement, further limitations are placed on building permit issuance for those entities not a party to the agreement. EPS will work with TRLIA and County staff to ensure that these limitations are upheld by providing support on an as-needed basis.

EPS helped develop a Development Impact Fee program, which was adopted by the County in May 2006. Since the fee was adopted, EPS has helped the County administer the fee on an as-needed basis. EPS will continue to provide this support, which includes providing semi-annual updates to the fee as contemplated according to the nexus study, and determining applicable fee amounts for projects subject to the fee.

Task 3: Impact Fee Bond and Community Facilities District/Builder Bond Administration

The funding program contemplated in the Second Funding Agreement includes the formation of two Community Facilities Districts (CFDs) to issue Builder Bonds and the issuance Impact Fee Bonds secured by impact fee revenues. The implementation of the funding programs will require various tasks be completed.

Task 3.1: CFD Administration, Initial Setup

Part of the administration of the CFDs will require the assignment of taxes to parcels owned by homeowners based on the bonding capacity of homes proposed by the land owner. The bonding capacity analysis will require review by TRLIA. Part of this includes the independent analysis of the proposed average home prices by a third party. EPS will contract with the Gregory Group to perform this review, and they will provide the information directly to the Joint Powers Authority (JPA). In addition, EPS will review the overall methodology and accuracy of the bonding capacity analysis provided by the landowners.

Task 3.2: CFD Administration, Ongoing Annual Tax Roll Preparation

The ongoing administration of the CFDs will require the maintenance of the attachments to Rate and Method of Apportionments and the annual preparation of the list of taxes to be levied on an

ongoing basis. This scope will be applicable for one year's administration/preparation of the annual tax roll. Subsequent years' tax roll preparation will be in addition to this scope of work.

This scope of work, as it pertains to CFD Administration, does not include work related to the technical support associated with Conventional Bond Issuance. Any analysis required by a special tax consultant as it relates to the preparation of an Official Statement for the issuance of Conventional Bonds would take place under a separate or amended contract.

Task 4: Miscellaneous/Levee Improvement Project Cash Flow/Insurance Requirement Administration

The Second Funding Agreement has numerous additional provisions that outline the responsibilities of TRLIA, the County, and the landowners. This portion of the scope encompasses those additional responsibilities. The following tasks address each individual portion of the work that will be performed by EPS.

Task 4.1: Development of Levee Maintenance Funding Plan

EPS has been, and will continue to assist with development of a permanent funding plan for ongoing levee maintenance. The scope Second Funding Agreement contemplates that money generating through the agreement can be used to fund maintenance for an interim period of time until a more permanent financing plan is put into place. The Agreement also indicates that the permanent financing plan will work to incorporate the financial support of the existing population benefiting from the levee improvements. This notion lends itself to the implementation of an Assessment District. EPS will work with TRLIA, the County, and the landowners to aid in the development of a plan that incorporates the financial support of the current population in Southern Yuba County.

Task 4.2: TRLIA Accounting Support

EPS will work with TRLIA staff to help implement and maintain accounting systems to track levee improvement and administrative costs along with revenues received from various funding sources. As contemplated in the Second Funding Agreement, TRLIA is to contract with an outside consulting firm to assist in the preparation of monthly reports. EPS will work with TRLIA staff to help set up these systems and to provide technical support in meeting this contractual requirement.

Task 4.3: Reimbursements and Fair Share Funding Study

The Second Funding Agreement contemplates that a study will be produced that ultimately indicates how the participants in the agreement will be reimbursed the difference between their fair allocated share of levee improvements and the amounts they funded through the agreement. EPS will work with the landowners' financial consultants to prepare and review this study.

Task 4.4: Communications with Development Community

EPS will work with the County and TRLIA to provide information to the development community on an as-needed basis. EPS will assist TRLIA in preparing pertinent development-related information that can be disseminated electronically.

Task 5: Consolidated Task—Technical Support, Administration and Implementation

Task 5's scope includes the scope of work for Tasks 1 through 4 as outlined above. In addition, this task also includes the following scope.

EPS will work with the County and TRLIA to provide support in negotiating with the development community and the State of California to implement a financial plan for completing Phase 4 levee improvement work. This includes providing technical support on an as-needed basis for negotiating a First Amendment to the Second Funding Agreement and implementing the financing mechanisms described in that Amendment, which may include these:

- Preparation of a Financial Plan for Phase 4 Feather River Levee Improvements;
- Preparing the necessary formation documents for the creation of a new CFD including Rate and Method of Apportionment and Hearing Report, as well as engaging, as a subconsultant, the necessary engineering support to create the required boundary map and generate needed parcel level data;
- Revising the current TRLIA Levee Fee Nexus Study, as needed, for feasible implementation;
- Assisting with development of a project cash flow that will be used for determining the required capital calls as described in the First Amendment;
- Attending meetings and required conference calls; and
- Providing, on an ad-hoc basis, technical analysis and data as needed.

3. Proposed Schedule

The performance period of this contract is from the date of execution of this contract through June 30, 2008 (the remainder of Fiscal Year 2006–07 and Fiscal Year 2007–08).

4. Proposed Budget and Payment

The work defined in the scope of this proposal will be performed on a time-and-materials basis up to a specific maximum amount for the remainder of Fiscal Year 2006–07 and the entirety of Fiscal Year 2007–08 until June 30, 2008.

The budget to provide the listed scope of work for the contract period is **\$190,000**. This is EPS's estimate, based on previously completed work, of the amount of budget that may be required to perform the above-listed scope of work. With this type of work, a moderate level of uncertainty is inherent, and this uncertainty is reflected in this budget. Consequently, the estimated budget may be in excess of or under the funds required to perform the requested work. EPS charges for its services on a direct-cost (hourly billing rates plus direct expenses), not-to-exceed basis; therefore, EPS will bill only for the work completed up to the authorized budget amount. EPS's Billing Rates are periodically updated. If additional work is required or requested, EPS will request authorization for additional budget with the understanding that terms would be negotiated in good faith. It is expected that this budget may be increased on an as-needed basis through a contract amendment process.

The following table is a breakdown of the budget for each component of the proposed scope of work and an allocation of the budget into the various funding sources available to TRLIA. The allocation of the various task budgets has been provided to assist TRLIA in accounting for these consultant costs.

EPS will send request for payment to TRLIA on a monthly basis after the completion of services. EPS will request payment for services by the tasks indicated in the following table.

Request for payment will be sent to the following address:

Three Rivers Levee Improvement Authority
915 8th Street, Suite 125
Marysville, CA 95901
Attn: Accounts Payable (3006-3052)

Proposed Budget and Allocation to Funding Mechanisms

	Estimated Amount (Remainder FY 06-07)	Estimated Amount (FY 07-08)	Estimated Amount (FY 07-08) Additional	Total Budgeted Contract Amount	Allocation to Funding Mechanisms		
					Agreement Payments	CFDs	Impact Fee Program
Task 1: Capital Call Administration & Participant Administration	\$22,100	\$24,500		\$46,600	100%		
Task 2: Building Permit Administration & Impact Fee Program	\$8,900	\$17,500		\$26,400	60%		40%
Task 3: Impact Fee Bond & CFD/Builder Bond Administration	\$7,500	\$10,500		\$18,000	20%	80%	
Task 4: Miscellaneous/ Levee Improvement Project Cash Flow/Insurance Requirement Administration	\$6,500	\$17,500		\$24,000	100%		
Task 5: Consolidated Task - Technical Support, Administration and Implementation			\$75,000	\$75,000	100%		
Total Budget for Remainder of FY 2006-07	\$45,000	\$70,000	\$75,000	\$190,000			