RE: Greater Salt Lake Municipal Services District Fee Study

DATE: March 15, 2023

This Scope Appendix is attached by reference to the above named engagement letter (the "Engagement Letter") between the Greater Salt Lake Municipal Services District (the "Client") and Baker Tilly US, LLP and relates to services to be provided by Baker Tilly US, LLP

Scope of Work

The purpose of this study is to provide the Greater Salt Lake Municipal Services District with a comprehensive picture of its costs related to the provision of services to the public. Total costs of service will be compared with the fees charged by the District, and any significant imbalances will be identified. Changes to fee amounts and processes will be recommended based on the project team's professional judgement and experience.

Process

Our approach to service cost calculation is multi-faceted and based on best practices developed by our team over the course of dozens of projects in recent years. The process is organized into six primary tasks, described in greater detail below.

Task 1 – Project kickoff

We will work with the District to schedule a kickoff meeting. This meeting would serve to:

- Introduce project team members
- Confirm project scope and objectives
- Review project approach and make revisions as needed
- Arrange logistics for the project including data collection, dates for meetings and interviews and any requirements for interim reports
- Finalize work plan to include any revisions to the proposed objectives, scope, and approach as well as consultant assignments and specific schedules for the project tasks
- Provide data request with key data and documents needed by Baker Tilly for the study

Task 2 – Review background information

Our team will review background information from the District, including:

- List of current services provided by the District and related fees
- Any cost allocation methods or models currently used by the District to calculate indirect or overhead costs
- Historical information related to the District's service offerings, including service volumes and staffing levels
- Financial policies (formal or implied) related to costs and user fees
- Current fiscal year budget and actual expenditures from the previous two years
- Current agreements with consultants or contractors providing fee-related services to the District

Task 3 – Analysis and Calculation of Employee Costs

- Review the District's payroll information to identify direct costs for employee time
- Review budgets to identify indirect costs linked to non-personnel departmental costs
- Identify departments and personnel providing overhead services which support the District organization as a whole
- Identify personnel providing administrative services (supervision, admin support, etc.) within each department
- Review contract agreements with third-party providers of fee-related services to determine related costs per hour
- Using our analysis of direct and indirect costs, District-wide overhead costs, and department-level administrative costs, calculate the total cost per hour for employees performing services related to the District's municipal fees

Task 4 – Collection of Fee-Related Time Data

- Distribute time surveys to employees involved in fee-related services to quantify amount of time spent on each fee type
- Review recent invoices and statements from third-party service providers to determine average time spent on related fee types
- Develop preliminary report of service costs based on initial data collection
- Review preliminary service costs with District staff to identify potential errors or data quality issues
- Interview staff members to review survey responses, focusing on areas where responses were ambiguous or potentially in error
- Revise service costs based on feedback from interviews and discussions with District staff

Task 5 – Develop Recommendations

- Generate a draft report comparing current fees and costs, identifying fee types where significant surpluses or deficits exist
- Identify areas where excess service costs could be effectively addressed through process changes
- Identify areas where fee adjustments are warranted and make recommendations for appropriate fee levels
- Perform a review of fee schedules from other local government authorities and provide recommendations for making the District's fee schedule more easily readable and user-friendly
- Review draft report with District staff to confirm that our findings are backed up by reasonable assumptions and data, and recommendations are consistent with legal requirements and District policies

Task 6 – Submit Deliverables

- Prepare and present a final report including a description of the project's methodology, findings and recommendations
- Prepare a presentation summarizing the most significant findings and recommendations from the project
- Present findings and recommendations to the Board of Trustees and answer any questions arising from the study

Project Team

Project Manager	**Nicholas Dragisich, P.E., Firm Director**
	**Qualifications:** Nick is team leader for BTUS's financial management practice. He has more than 30 years of management experience, including service as a city administrator, assistant city manager and city engineer. As the Assistant City Manager – Operations for Spokane, Washington, his departments included Capital Programs Planning/G.I.S., Engineering Services, Real Estate, Building Codes, Environmental Programs, General Services, Planning, Solid Waste Collection and Recycling, Transportation, Wastewater and Stormwater Management, and Water and Hydroelectricity. He joined Baker Tilly in 2000 and became the management consulting services practice group leader in 2003. Nick has been directly responsible for or involved in numerous user fee studies, organizational management studies, staffing analysis studies, utility rate studies and cost analyses, long-range financial planning models, and fiscal impact studies for clients in California, Iowa, Illinois, Indiana, Kansas, Maryland, Minnesota, Montana, Missouri, Nebraska, New York, North Carolina, North Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. He holds a Master of Business Administration, a bachelor's degree in civil engineering and is a licensed professional engineer in Minnesota and Washington. Nick is also MSRB Municipal Advisor Series 50 Qualified.
Project Support	**Patty Kettles, Director**
	**Qualifications:** Patty has more than 24 years of experience working with BTUS clients on various projects, including performing user fee studies, utility rate analyses and financial feasibilities, financing options, capital improvement programming and debt management. Patty holds a Master of Business Administration from the University of St. Thomas and a Bachelor of Science degree in Finance from the University of Minnesota. She is also MSRB Municipal Advisor Series 50 Qualified.
Project Support	**Matt Stark, Manager**
	**Qualifications**: Matt is a manager with Baker Tilly's financial management group. With the firm since 2002, he applies his analytical expertise to new challenges within the fields of operational finance, organizational management and human resources and economic development. He provides technical and analytical assistance on financial planning models, assists on employee classification and compensation systems, performs cost-benefit analyses on economic development projects. Matt holds a degree in physics. Matt earned a degree in Physics from Penn State University.

Deliverables

Final deliverables for the project will include the team's Final Report. This report will describe the process and methodology used in the study, our calculation of costs for each fee type and a comparison of these costs against the fees charged by the District, and the findings and recommendations arising from our analysis. We will also provide a PowerPoint presentation covering the most significant results of the study.

Anticipated Schedule

Baker Tilly will complete the study as described in this proposal within 12 to 16 weeks of receiving notice to proceed, provided that all necessary information is made available in a timely manner and District staff and officials are available for meetings and interviews as needed. Assuming that the project begins in late March or early April, we estimate that reports and presentations would be ready by the end of July.

Client Responsibilities

To complete this study successfully, the District will need to designate a staff member to serve as a project manager. This person will be responsible for assisting Baker Tilly with gathering accurate and timely data and to assist in arranging for required interviews and meetings.

Compensation and Invoicing

Baker Tilly proposes to complete this study as described for the lump sum fee of $51,250. This amount includes the following assumptions:

- Cost calculations for up to 120 specific fee types
- Initial data collection performed by electronic survey (web-based or e-mail based)
- Follow-up interviews with up to 24 employees to discuss time estimates of fee-based activities
- Kickoff meeting(s) done remotely via Teams or equivalent teleconferencing technology
- One (1) on-site visit to conduct interviews with staff and discussions with management as part of Task 4 described above
- Deliverables will be presented as PDF files, to be printed or copied by the District as needed

The fee above is inclusive of all of Baker Tilly's out-of-pocket costs and expenses and travel costs for one on-site visit. If the District requests and authorizes an additional on-site visit from the project team to present the final report and discuss findings and recommendations with the Board of Trustees as described under Task 6, we will invoice the District for actual travel time and expenses not to exceed $2,000.

If additional work is requested and authorized by the Client that is outside of the scope of services or required due to situations discussed herein, Client will be notified and will be invoiced at our standard hourly rates, shown below:

Title	2023 Hourly Rate
Principal and Partner	$ 370
Director and Senior Manager	$ 320
Manager	$ 265
Senior	$ 200
Associates	$ 80

Conflicts of Interest

Attachment A to the Engagement Letter contains important disclosure information that is applicable to this Scope Appendix.

We are unaware of any additional conflicts of interest related to this Scope Appendix that exist at this time.

Termination

This Scope Appendix will terminate according to the terms of the Engagement Letter.

If this Scope Appendix is acceptable, please sign below and return one copy to us for our files. We look forward to working with you on this important project.

Sincerely,

Nicholas R Drogosch

Signature Section:

The services and terms as set forth in this Scope Appendix are agreed to on behalf of the Client by:

Name: ______________________________

Title: ______________________________

Date: ______________________________