

October 28, 2025

Arminda Searcy
Administrative Analyst
Tehama County
727 Oak Street, Suite 202
Red Bluff, CA 96080

Dear Ms. Searcy:

Matrix Consulting Group was recently awarded a contract to become a Fee Study Consultant for Tehama County. During initial discussions, County staff expressed the desire to understand the steps and costs associated with developing a Countywide Cost Allocation Plan and reviewing Franchise Fees. The Cost Allocation Plan will help the County identify indirect administrative costs and ensure that indirect costs are accurately reflected in service-related fees. The Franchise Fee study would assess current processes and determine if, where, and how Franchise Fees could be implemented to increase county cost recoveries.

The following sections provide an outline of the services to be performed, a work schedule, and a fixed-price quote.

COST ALLOCATION PLAN

The following subsections outline our approach to developing a Countywide Cost Allocation Plan, including a project timeline and price.

SCOPE OF WORK: COST ALLOCATION PLAN

The County wants to develop a Cost Allocation Plan to facilitate administrative cost recovery through service fees and other non-general fund sources. The following points highlight the tasks and services to be provided:

- ❖ **Data Collection:** Matrix Consulting Group will provide the County with a list of required data prior to any meetings to prepare for project discussions. Typical data includes budgeted/audited expenditures, personnel lists, and prior studies, helping the team understand financial practices.
- ❖ **Study Objectives and Project Schedule:** After reviewing the collected data, the team will meet with County staff to ensure mutual understanding of study goals and objectives.
- ❖ **Interview Staff and Gather Allocation Metrics:** The team will review the County's financial structure to identify departments that provide support services and meet with relevant staff. The allocation bases will be discussed and documented to ensure they reflect current services.



- ❖ **Review of Draft Cost Allocation Metrics:** Draft allocation workbooks will be created based on collected data and reviewed with central service departments. This step verifies the accuracy and relevance of the metrics, ensuring a strong alignment with the allocation nexus.
- ❖ **Structure and Prepare Draft Cost Allocation Plan:** Once cost and metric assumptions have been finalized, the draft plan will be developed to align with OMB guidelines and general accounting principles. The team will ensure expenses are vetted, and results will be shared in Excel for staff review before drafting the final report.
- ❖ **Finalize the Cost Allocation Plan:** The final report will be completed after the draft is reviewed and approved by the County. Deliverables include a detailed report and Excel schedules for easy integration into County budgeting processes.

The results of this study will provide County staff with a documented plan to support indirect cost recovery.

SCHEDULE: COST ALLOCATION PLAN

Studies of this nature typically take approximately three (3) months to complete. The following table shows the associated tasks by month:

Month	Activity
Month 1	Data Collection
	Study Objectives
	Staff Interviews
Month 2	Continue Staff Interviews
	Review Draft Metrics
	Structure Model
Month 3	Draft Cost Plan
	Final Cost Plan

The cost allocation plan can be developed in conjunction with the County's fee assessment, as this would allow for integration into the fee study results. All timelines can be created and adjusted in accordance with County staff schedules, availability, and goals.

PRICE: COST ALLOCATION PLAN

Matrix Consulting Group is committed to developing a Cost Allocation Plan at the level of detail noted above for a fixed price of **\$10,000**.

FRANCHISE FEE ASSESSMENT

The following subsections outline our approach to assessing the County's authority to charge franchise fees and calculate the full cost of those fees, including a project timeline and price.

SCOPE OF WORK: FRANCHISE FEE ASSESSMENT

The County wants to assess its ability to charge franchise fees and, where appropriate, calculate them to help recover associated costs. The following points highlight the tasks and services to be provided:

- ❖ **Legal Policy Framework Review:** The project team will begin by reviewing applicable state statutes and municipal codes to confirm the County's authority to assess franchise fees. This step will establish the legal foundation for the study and identify any limitations, exemptions, or procedural requirements that may affect the implementation of the fee.
- ❖ **Inventory and Review of Existing Franchise Agreements:** The project team will document and evaluate all current franchise and right-of-way agreements for electric, gas, telecommunications, cable, and solid waste utilities.
- ❖ **Benchmarking Comparison:** A comparative review of franchise fee practices among similar jurisdictions will be conducted. This survey will identify common fee structures, current rates, and provide context for potential adjustments.
- ❖ **Development of Fee Methodology:** Based on the findings of the legal review and comparative survey, the project team will develop appropriate calculation methods (e.g., revenue-based, cost-based, value-based). Information regarding gross utility revenues, right-of-way mileage, or administrative costs will be documented and used to determine appropriate fees.
- ❖ **Legal and Policy Validation:** Once preliminary fee calculations are complete, the project team will review the proposed franchise fees and structures to ensure compliance with legal standards and confirm that fees are proportionate. Draft findings will be shared with County staff for review.
- ❖ **Final Report:** Following reviews, we will prepare a comprehensive report summarizing the legal authority, existing agreements, benchmarking results, methodology, and recommended fee structure.

The results of this analysis will outline the County's options for implementing Franchise Fees, document the legal basis for the fee, describe the calculation, and project its revenue impacts.

SCHEDULE: FRANCHISE FEE ASSESSMENT

Studies of this nature typically take approximately five (5) months to complete. The following table shows the associated tasks by month:

Month	Activity
Month 1	Legal and Policy Framework
Month 2	Inventory and Review of Existing Agreements Comparative Survey
Month 3	Development of Fee Methodology Legal and Policy Validation
Month 4	Continue Legal and Policy Validation Prepare Franchise Fee Report
Month 5	Finalize Franchise Fee Report

All timelines can be created and adjusted in accordance with staff schedules, availability, and goals. We recommend that, due to the nature of this type of study, the County focus on the Cost Allocation and the Fee study first, and upon completion of those assessments, begin the franchise fee analysis.

PRICE: FRANCHISE FEE ASSESSMENT

Matrix Consulting Group is committed to conducting a Franchise Fee Assessment at the level of detail noted above for a fixed price of **\$35,000**.

SUMMARY

We propose developing a Cost Allocation Plan within three months, concurrent with the fee study. We propose conducting a Franchise Fee Assessment within a five-month timeframe, after the completion of the cost allocation and fee studies.

The total fixed price for these studies would be **\$45,000**. Our typical practice is to bill for hours worked monthly, with our contracts set up at a fixed price.

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We appreciate the opportunity to provide additional services to Tehama County. Should you have any questions regarding this quote, please contact me at cramos@matrixcg.net or by phone at 650-858-0507. Thank you.

Courtney Ramos

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Senior Vice President

Matrix Consulting Group