

**AGREEMENT BETWEEN THE COUNTY OF SAN MATEO AND STRATEGIC ECONOMICS, INC.**

This Agreement is entered into this 9th day of December, 2025, by and between the County of San Mateo, a political subdivision of the state of California, hereinafter called "County," and Strategic Economics, Inc., hereinafter called "Contractor."

\* \* \*

Whereas, pursuant to Section 31000 of the California Government Code, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof; and

Whereas, it is necessary and desirable that Contractor be retained for the purpose of completing all aspects of a Multi-Jurisdictional Inclusionary Housing and Non-Residential Linkage Fee Study, studying and determining the feasibility and advisability of adoption of or amendments to residential and non-residential impact fees and inclusionary housing policies for San Mateo County and the cities of Belmont, Brisbane, Daly City, East Palo Alto, Half Moon Bay, Menlo Park, Pacifica, Redwood City, San Bruno and San Mateo.

**Now, therefore, it is agreed by the parties to this Agreement as follows:**

**1. Exhibits and Attachments**

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Services

Exhibit B—Payments and Rates

**2. Services to be performed by Contractor**

In consideration of the payments set forth in this Agreement and in Exhibit B, Contractor shall perform services for County in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A.

**3. Payments**

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, County shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. County reserves the right to withhold payment if County determines that the quantity or quality of the work performed is unacceptable. In no event shall County's total fiscal obligation under this Agreement exceed Six-hundred and nineteen thousand one-hundred thirty-five dollars (\$619,135). In the event that the County makes any advance payments, Contractor agrees to refund any amounts in excess

of the amount owed by the County at the time of contract termination or expiration. Contractor is not entitled to payment for work not performed as required by this agreement.

#### **4. Term**

Subject to compliance with all terms and conditions, the term of this Agreement shall be from December 15, 2025, through June 30, 2027. However, Contractor shall not be authorized to commence any reimbursable work pursuant to this Agreement until receiving written notification from the County that the County is in receipt of executed Memoranda of Understanding regarding this project from the each of the cities of Belmont, Brisbane, Daly City, East Palo Alto, Half Moon Bay, Menlo Park, Pacifica, Redwood City, San Bruno and San Mateo.

#### **5. Termination**

This Agreement may be terminated by Contractor or by the Director of Planning and Building or his/her designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that prorated portion of the full payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

County may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon the unavailability of Federal, State, or County funds by providing written notice to Contractor as soon as is reasonably possible after County learns of said unavailability of outside funding.

County may terminate this Agreement for cause. In order to terminate for cause, County must first give Contractor notice of the alleged breach. Contractor shall have five business days after receipt of such notice to respond and a total of ten calendar days after receipt of such notice to cure the alleged breach. If Contractor fails to cure the breach within this period, County may immediately terminate this Agreement without further action. The option available in this paragraph is separate from the ability to terminate without cause with appropriate notice described above. In the event that County provides notice of an alleged breach pursuant to this section, County may, in extreme circumstances, immediately suspend performance of services and payment under this Agreement pending the resolution of the process described in this paragraph. County has sole discretion to determine what constitutes an extreme circumstance for purposes of this paragraph, and County shall use reasonable judgment in making that determination.

#### **6. Contract Materials**

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and other written materials (collectively referred to as "contract materials") prepared by Contractor under this Agreement shall become the property of County and shall be promptly delivered to County. Upon termination, Contractor may make and retain a copy of such contract materials if permitted by law.

**7. Relationship of Parties**

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent contractor and not as an employee of County and that neither Contractor nor its employees acquire any of the rights, privileges, powers, or advantages of County employees.

**8. Hold Harmless**

**a. General Hold Harmless**

Contractor shall indemnify and save harmless County and its officers, agents, employees, and servants and shall indemnify and hold harmless the cities of Belmont, Brisbane, Daly City, East Palo Alto, Half Moon Bay, Menlo Park, Pacifica, Redwood City, San Bruno and San Mateo and their officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Contractor under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

(A) injuries to or death of any person, including Contractor or its employees/officers/agents;

(B) damage to any property of any kind whatsoever and to whomsoever belonging;

(C) any sanctions, penalties, or claims of damages resulting from Contractor's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or

(D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of County and/or its officers, agents, employees, or servants. However, Contractor's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

**b. Intellectual Property Indemnification**

Contractor hereby certifies that it owns, controls, and/or licenses and retains all right, title, and/or interest in and to any intellectual property it uses in relation to this Agreement, including the design, look, feel, features, source code, content, and/or other technology relating to any part of the services it provides under this Agreement and including all related patents, inventions, trademarks, and copyrights, all applications therefor, and all trade names, service

marks, know how, and trade secrets (collectively referred to as "IP Rights") except as otherwise noted by this Agreement.

Contractor warrants that the services it provides under this Agreement do not infringe, violate, trespass, or constitute the unauthorized use or misappropriation of any IP Rights of any third party. Contractor shall defend, indemnify, and hold harmless County from and against all liabilities, costs, damages, losses, and expenses (including reasonable attorney fees) arising out of or related to any claim by a third party that the services provided under this Agreement infringe or violate any third-party's IP Rights provided any such right is enforceable in the United States. Contractor's duty to defend, indemnify, and hold harmless under this Section applies only provided that: (a) County notifies Contractor promptly in writing of any notice of any such third-party claim; (b) County cooperates with Contractor, at Contractor's expense, in all reasonable respects in connection with the investigation and defense of any such third-party claim; (c) Contractor retains sole control of the defense of any action on any such claim and all negotiations for its settlement or compromise (provided Contractor shall not have the right to settle any criminal action, suit, or proceeding without County's prior written consent, not to be unreasonably withheld, and provided further that any settlement permitted under this Section shall not impose any financial or other obligation on County, impair any right of County, or contain any stipulation, admission, or acknowledgement of wrongdoing on the part of County without County's prior written consent, not to be unreasonably withheld); and (d) should services under this Agreement become, or in Contractor's opinion be likely to become, the subject of such a claim, or in the event such a third party claim or threatened claim causes County's reasonable use of the services under this Agreement to be seriously endangered or disrupted, Contractor shall, at Contractor's option and expense, either: (i) procure for County the right to continue using the services without infringement or (ii) replace or modify the services so that they become non-infringing but remain functionally equivalent.

Notwithstanding anything in this Section to the contrary, Contractor will have no obligation or liability to County under this Section to the extent any otherwise covered claim is based upon: (a) any aspects of the services under this Agreement which have been modified by or for County (other than modification performed by, or at the direction of, Contractor) in such a way as to cause the alleged infringement at issue; and/or (b) any aspects of the services under this Agreement which have been used by County in a manner prohibited by this Agreement.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

## **9. Assignability and Subcontracting**

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of County. Any such assignment or subcontract without County's prior written consent shall give County the right to automatically and immediately terminate this Agreement without penalty or advance notice.

## **10. Insurance**

### **a. General Requirements**

Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by County's Risk Management, and Contractor shall use diligence to obtain such insurance and to obtain such approval. Contractor shall furnish County with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to County of any pending change in the limits of liability or of any cancellation or modification of the policy.

### **b. Workers' Compensation and Employer's Liability Insurance**

Contractor shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Contractor certifies, as required by Section 1861 of the California Labor Code, that (a) it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and (b) it will comply with such provisions before commencing the performance of work under this Agreement.

### **c. Liability Insurance**

Contractor shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Contractor and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below:

(a) Comprehensive General Liability.....\$1,000,000

(b) Motor Vehicle Liability Insurance.....\$1,000,000

(c) Professional Liability.....\$1,000,000

County and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to County and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy and (b) if the County or its officers, agents,

employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, County, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

#### **11. Compliance With Laws**

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, regulations, and executive orders, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance, as well as any required economic or other sanctions imposed by the United States government or under state law in effect during the term of the Agreement. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law, regulation, or executive order, the requirements of the applicable law, regulation, or executive order will take precedence over the requirements set forth in this Agreement.

Contractor certifies and warrants that Contractor has fully complied, and will remain in full compliance, with all applicable requirements of the Levine Act in connection with this Agreement, including making any required disclosures of campaign contributions to County Officers, which includes but may not be limited to elected County Officers. Elected County Officers include members of the San Mateo County Board of Supervisors, as well as the Assessor-County Clerk-Recorder, Controller, Coroner, District Attorney, Sheriff, and Tax Collector-Treasurer. Any campaign contribution required to be disclosed under the Levine Act in connection with this Agreement shall be disclosed on the disclosure form provided by the County of San Mateo Levine Act Disclosure Form, a copy of which is available from the County upon request.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

#### **12. Non-Discrimination and Other Requirements**

##### **a. General Non-discrimination**

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

**b. Equal Employment Opportunity**

Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to County upon request.

**c. Section 504 of the Rehabilitation Act of 1973**

Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

**d. Compliance with County's Equal Benefits Ordinance**

Contractor shall comply with all laws relating to the provision of benefits to its employees and their spouses or domestic partners, including, but not limited to, such laws prohibiting discrimination in the provision of such benefits on the basis that the spouse or domestic partner of the Contractor's employee is of the same or opposite sex as the employee.

**e. Discrimination Against Individuals with Disabilities**

The nondiscrimination requirements of 41 C.F.R. 60-741.5(a) are incorporated into this Agreement as if fully set forth here, and Contractor and any subcontractor shall abide by the requirements of 41 C.F.R. 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

**f. History of Discrimination**

Contractor certifies that no finding of discrimination has been issued in the past 365 days against Contractor by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or any other investigative entity. If any finding(s) of discrimination have been issued against Contractor within the past 365 days by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or other investigative entity, Contractor shall provide County with a written explanation of the outcome(s) or remedy for the discrimination prior to execution of this Agreement. Failure to comply with this Section shall constitute a material breach of this Agreement and subjects the Agreement to immediate termination at the sole option of the County.

---

**g. Reporting: Violation of Non-discrimination Provisions**

Contractor shall also report to the County the filing by any person in any court any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission, or any other entity charged with the investigation of allegations of discrimination within seventy-five (75) days of such filing, provided that within such seventy-five (75) days such entity has not notified contractor that such charges are dismissed or otherwise unfounded. Such notification to County shall include a general description of the allegations and the nature of specific claims being asserted. Contractor shall provide County with a statement regarding how it responded to the allegations within sixty (60) days of its response and shall update County regarding the nature of the final resolution of such allegations.

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the County Executive Officer, including but not limited to the following:

- i. termination of this Agreement;
- ii. disqualification of the Contractor from being considered for or being awarded a County contract for a period of up to 3 years;
- iii. liquidated damages of \$2,500 per violation; and/or
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Executive Officer.

To effectuate the provisions of this Section, the County Executive Officer shall have the authority to offset all or any portion of the amount described in this Section against amounts due to Contractor under this Agreement or any other agreement between Contractor and County.

**h. Compliance with Living Wage Ordinance**

As required by Chapter 2.88 of the San Mateo County Ordinance Code, Contractor certifies all contractor(s) and subcontractor(s) obligated under this contract shall fully comply with the provisions of the County of San Mateo Living Wage Ordinance, including, but not limited to, paying all Covered Employees the current Living Wage and providing notice to all Covered Employees and Subcontractors as required under the Ordinance.

**13. Compliance with County Employee Jury Service Ordinance**

Contractor shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Contractor shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from the Contractor, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Contractor or that the Contractor may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Contractor certifies that it has and adheres to a



policy consistent with Chapter 2.85. For purposes of this Section, if Contractor has no employees in San Mateo County, it is sufficient for Contractor to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Contractor certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Contractor shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code." The requirements of Chapter 2.85 do not apply unless this Agreement's total value listed in the Section titled "Payments", exceeds two-hundred thousand dollars (\$200,000); Contractor acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value exceeds that threshold amount.

**14. Retention of Records; Right to Monitor and Audit**

(a) Contractor shall maintain all required records relating to services provided under this Agreement for three (3) years after County makes final payment and all other pending matters are closed, and Contractor shall be subject to the examination and/or audit by County, a Federal grantor agency, and the State of California.

(b) Contractor shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by County.

(c) Contractor agrees upon reasonable notice to provide to County, to any Federal or State department having monitoring or review authority, to County's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

**15. Merger Clause; Amendments**

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

**16. Controlling Law; Venue**

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising

out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

**17. Notices**

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of County, to:

Name/Title: Will Gibson, Planner III  
Address: 455 County Center, Redwood City CA 94063  
Telephone: (650) 508-6924  
Email: wgibson@smcgov.org

In the case of Contractor, to:

Name/Title: Derek Braun, Principal  
Address: 2991 Shattuck Ave, Suite 203, Berkeley CA 94705  
Telephone: (510) 647-5291 ext. 112  
Email: dbraun@strategiceconomics.com

**18. Electronic Signature**

Both County and Contractor wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law and County's Electronic Signature Administrative Memo. Any party to this Agreement may revoke such agreement to permit electronic signatures at any time in relation to all future documents by providing notice pursuant to this Agreement.

**19. Payment of Permits/Licenses**

Contractor bears responsibility to obtain any license, permit, or approval required from any agency for work/services to be performed under this Agreement at Contractor's own expense prior to commencement of said work/services. Failure to do so will result in forfeit of any right to compensation under this Agreement.

**20. Reimbursable Travel Expenses**

To the extent that this Agreement authorizes reimbursements to Contractor for travel, lodging, and other related expenses as defined in this section, the Contractor must comply with all the terms of this section in order to be reimbursed for travel.

- a. Estimated travel expenses must be submitted to authorized County personnel for advanced written authorization before such expenses are incurred. Significant differences between estimated and actual travel expenses may be grounds for denial of full reimbursement of actual travel expenses.
- b. Itemized receipts (copies accepted) for all reimbursable travel expenses are required to be provided as supporting documentation with all invoices submitted to the County.
- c. Unless otherwise specified in this section, the County will reimburse Contractor for reimbursable travel expenses for days when services were provided to the County. Contractor must substantiate in writing to the County the actual services rendered and the specific dates. The County will reimburse for travel at 75% of the maximum reimbursement amount for the actual costs of meals and incidental expenses on the day preceding and/or the day following days when services were provided to the County, provided that such reimbursement is reasonable, in light of travel time and other relevant factors, and is approved in writing by authorized County personnel.
- d. The maximum reimbursement amount for the actual lodging, meal and incidental expenses is limited to the then-current Continental United States ("CONUS") rate for the location of the work being done (i.e., Redwood City for work done in Redwood City, San Mateo for work done at San Mateo Medical Center) as set forth in the Code of Federal Regulations and as listed by the website of the U.S. General Services Administration (available online at <http://www.gsa.gov/portal/content/104877> or by searching [www.gsa.gov](http://www.gsa.gov) for the term 'CONUS'). County policy limits the reimbursement of lodging in designated high cost of living metropolitan areas to a maximum of double the then-current CONUS rate; for work being done outside of a designated high cost of living metropolitan area, the maximum reimbursement amount for lodging is the then-current CONUS rate.
- e. The maximum reimbursement amount for the actual cost of airfare shall be limited to fares for Economy Class or below. Air travel fares will not be reimbursed for first class, business class, "economy-plus," or other such classes. Reimbursable car rental rates are restricted to the mid-level size range or below (i.e. standard size, intermediate, compact, or subcompact); costs for specialty, luxury, premium, SUV, or similar category vehicles are not reimbursable. Reimbursable ride-shares are restricted to standard or basic size vehicles (i.e., non-premium vehicles unless it results in a cost-saving to the County). Exceptions may be allowed under certain circumstances, such as unavailability of the foregoing options, with written approval from authorized County personnel. Other related travel expenses such as taxi fares, ride-shares, parking costs, train or subway costs, etc. shall be reimbursable on an actual-cost basis. Reimbursement of tips for taxi fare, or ride-share are limited to no more than 15% of the fare amount.
- f. Travel-related expenses are limited to: airfare, lodging, car rental, taxi/ride-share plus tips, tolls, incidentals (e.g. porters, baggage carriers or hotel staff), breakfast, lunch, dinner,

mileage reimbursement based on Federal reimbursement rate. The County will not reimburse for alcohol.

- g. Reimbursement of tips are limited to no more than 15 percent. Non-reimbursement items (i.e., alcohol) shall be excluded when calculating the amount of the tip that is reimbursable.

\* \* \*

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

For Contractor: Strategic Economics, Inc.

  
Contractor Signature

10/13/2025  
Date

Derek W. Braun  
Contractor Name (please print)

---

COUNTY OF SAN MATEO

By:  
President, Board of Supervisors, San Mateo County

Date:

ATTEST:

By:  
Clerk of Said Board

**Exhibit A**

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

---

# Scope of Work for Multi-Jurisdictional Inclusionary Housing and Non-Residential Linkage Fee Study

Strategic Economics | September 23, 2025

The table below indicates each participating jurisdiction's selected services, by task.

	Residential Nexus Study	Residential Feasibility / Inclusionary Study	Residential In- Lieu Fee Study	Commercial Nexus Study	Commercial Feasibility Study
Belmont	X	X	X	X	X
Brisbane			In-lieu fee only	Level of svc only	
Daly City	X	X	X	X	X
East Palo Alto	X	X	X	X	X
Half Moon Bay	X	X	X	X	X
Menlo Park	X	X	X	X	X
Pacifica		X	X		
Redwood City	X	X	X	X	X
San Bruno	X	X	X	X	X
San Mateo (City)	X	X	X	X	X
San Mateo (County)	X	X	X	X	X
<b>Total Jurisdictions</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>10</b>

## TASK 1: PROJECT INITIATION AND KICKOFF MEETINGS

### 1.1: Review of Background Materials

Strategic Economics will review background information provided by Community Planning Collaborative (CPC) on the demographics and housing conditions in San Mateo County, as well as any recently completed nexus studies and financial feasibility studies.

### 1.2: Collection of Existing Policies, Fees, and Data

Strategic Economics will research and summarize information on residential affordable housing impact fees, commercial linkage fees, inclusionary requirements, and in-lieu fees for the participating communities and other comparable communities in the Bay Area. This information provides context for current policies in the participating jurisdictions and for the relative policies and fee levels enacted by communities competing for development activity and affordable housing production. Strategic Economics will submit data requests for the project to CPC, including descriptions of recent development activity, local active residential developers, current

affordable housing policy information in the participating cities, affordable housing fee revenues, number of existing deed-restricted housing units, etc.

### **1.3: Group Kick-Off Virtual Meeting**

The purpose of this meeting is to review the scope of work and deliverables, review the proposed methodologies, and obtain any additional background materials or key information. An agenda will be provided in advance of the meeting. It is assumed that CPC staff would convene the meeting and only one meeting would be held. At the kick-off meeting, the Strategic Economics team will discuss the types of deliverables that will be completed. The meeting will also be used to establish protocols for communication, project management, and timely review of deliverables, given the complexity of this multi-jurisdiction project.

### **1.4: Jurisdiction-Specific Kickoff Meetings**

Strategic Economics will conduct a virtual kick-off meeting with each participating jurisdiction—scheduled by CPC—to inquire about specific goals, needs, and context. The meeting will also be used to clarify data and document requests and answer any questions about the nexus study approach.

## **TASK 2: STAKEHOLDER AND WORK-IN-PROGRESS MEETINGS DURING RESEARCH AND DATA GATHERING PHASE**

### **2.1: Two Developer Stakeholder Group Virtual Meetings**

Strategic Economics will organize and facilitate two virtual convenings of developers of relevant products in San Mateo County, with participants identified based on input from participating cities and review of development activity. These convenings will be used to share information about the project, collect information about current development conditions by product type, and to vet relevant assumptions applied in the analyses.

### **2.2: Housing Advocates and Public Virtual Meeting**

Strategic Economics will provide information about the goals and purpose of the study and solicit feedback about how inclusionary policies and affordable housing mitigation fees can help meet the housing affordability challenges in San Mateo County during a virtual meeting with housing advocate and the public. Strategic Economics will work with the participating jurisdictions to identify housing advocate organizations and active citizens, and will then prepare invitation language and organize, plan, and facilitate the meeting. The jurisdictions will be responsible for any desired translation of invitations and meeting materials, language interpretation during the meeting, and for publishing and promoting information about the meeting.

### **2.3: Two Work-In-Progress Presentations for All Participating Jurisdictions**



Strategic Economics will facilitate up to two total virtual meetings, including all participating jurisdictions, to share information about project status and interim findings. CPC will organize the meeting dates/times.

### **TASK 3: RESIDENTIAL FEASIBILITY STUDIES AND INCLUSIONARY ANALYSIS**

#### **Task 3.1: Shared Base Residential Feasibility Study and Inclusionary Scenarios**

In coordination with CPC and the participating jurisdictions, Strategic Economics will develop up to six residential development project prototypes, ensuring that they represent the ownership and rental residential development types being built in the cities. Based on analysis of development activity in the different jurisdictions, Strategic Economics may propose additional variations of the prototypes to better reflect subarea market differences. The prototypes will be shared with CPC and the cities for comment before arriving at a final set of assumptions for the pro forma feasibility analysis.

Upon establishing the prototypes, Strategic Economics will research inputs and assumptions for the financial feasibility analysis. The key inputs into the pro forma model are the revenues (rents/sales prices), development costs, and land costs. Revenue and land costs assumptions will be researched and customized for each jurisdiction. Strategic Economics will collect and summarize data on construction costs in the county, using a combination of real estate industry publications, online information, and interviews with local developers and brokers. We will also request that the cities provide applicable impact fees and permit fees for each prototype.

Strategic Economics will develop a pro forma model to test the financial feasibility of the prototypes under conditions in each jurisdiction. The analysis will first examine the feasibility of each prototype without any affordable housing requirements. The financial feasibility analysis of projects will be measured using a static pro forma model that will solve for the project's residual land value. As part of this analysis, Strategic Economics will conduct sensitivity analyses based primarily on potential changes in land costs and market rents and sales prices, but also potentially exploring variations in construction costs and variations in required return. The results will create a baseline understanding of prototype-specific project feasibility and ability to support on-site affordable housing requirements.

Strategic Economics will create and test up to three base scenarios of inclusionary housing requirements. These policy alternatives will be informed by factors including the baseline feasibility results, findings from the analysis of nearby communities' policies and performance, implications of AB 1505 requirements (including its guidance on affordability levels), and guidance from jurisdictions' staff during the one-on-one meetings.

Strategic Economics will note the cost of the affordability requirements as a percent of total development costs, and will document the level of developer subsidy per inclusionary unit under

each scenario based on the “affordability gap” between market rate and affordable rents/sales prices.

### **Task 3.2: City-Specific Residential Feasibility Studies and Inclusionary Analyses**

Strategic Economics will then customize and test up to four additional scenarios of affordable housing requirements for each jurisdiction, with different percentages and affordability levels. These policy alternatives will be informed by factors including the baseline feasibility results, findings from the analysis of nearby communities’ policies and performance, implications of AB 1505 requirements (including its guidance on affordability levels), and policy priorities for each jurisdiction expressed during the one-on-one meetings.

Based on the findings of these analyses, Strategic Economics will generate findings and recommendations regarding supportable inclusionary requirements both today and in the future, along with policy suggestions for balancing the requirements with any feasibility constraints. Strategic Economics will also provide guidance on required inclusionary housing thresholds under the MTC TOC Policy.

### **Task 3.3: In-Lieu Fee Equivalents**

Strategic Economics will calculate and recommend in-lieu fee levels corresponding to inclusionary requirements. Strategic Economics will identify the maximum in-lieu affordable housing fees that could reasonably be charged on market-rate developments by calculating the housing affordability gap. This gap will examine the difference between market rate rents/sales prices and affordable rents/sales prices. This approach reflects the equivalent cost for providing an on-site inclusionary unit and equivalent benefit to a lower-income household.

## **TASK 4: RESIDENTIAL NEXUS STUDY**

### **Task 4.1: Shared Base Residential Nexus Model**

In this sub-task, Strategic Economics will prepare the residential nexus study components that are broadly applicable to all cities requesting this analysis. The purpose of the residential nexus model is to estimate the increase in demand for affordable housing associated with growth in new residential development for housing developments with fewer than ten to twenty housing units. The primary driver for this increase in demand for affordable housing is the growth in expenditures for goods and services attributable to buyers and renters of new market rate housing units in San Mateo County.

The residential nexus analysis assumes that an increase in household expenditures associated with new housing units results in employment growth. Some of these new employees can afford market rate housing (based on household income), and some will earn incomes below the level

needed to afford market rate housing. It is this second group of employee-households that will face financial challenges.

The list below provides a summary of the analytic steps involved. This analysis answers the question, “What is the maximum impact fee that can be charged?” This analysis does not address “At what level should the housing impact fee be set?” This second question is addressed in sub-task 4.2 for each relevant city.

- Step 1. Define two residential prototypes that represent new market rate housing development with fewer than ten to twenty housing units in the applicable communities.
- Step 2. Estimate household incomes of buyers and renters of new market rate units.
- Step 3. Estimate economic impacts of new buyers and renters using a regional input/output model.
- Step 4. Estimate the number of new worker households and annual household incomes.
- Step 5. Estimate the demand for affordable housing from new worker households.
- Step 6. Estimate the aggregate “affordability production cost gap” of new households requiring affordable housing.
- Step 7. Estimate the maximum nexus-based fee per unit and per square foot for the prototype.

The methodology routinely used for the Step 6 “affordable housing production cost gap” calculation is as follows:

Step 1: Calculate affordable rents and sales prices for income groups to be served by affordable housing. Strategic Economics will establish four standardized income groups for the purposes of all analyses. Most commonly, renter housing affordability gaps are calculated for very low, low, and moderate-income households. In most Bay Area cities, the housing affordability gap for ownership housing is calculated for moderate-income households (and possibly for low-income households as well). Affordable rents and sales prices will be calculated using standard methods used by state or local programs.

Step 2: Calculate the “affordable housing production cost gap” for ownership housing, based on the difference between the cost of developing a new modest, residential unit (of the appropriate size for the household) and the amount a household can afford to pay at various income levels and household sizes.

Step 3: Calculate the “affordable housing production cost gap” for rental housing based on the difference between the annual capitalized value of the net affordable rent and the construction cost of the new rental unit. Again, separate calculations are made for each income group and household size included in the gap analysis.

## **Task 4.2: City-Specific Recommendations and AB 602 Analysis**

Strategic Economics will recommend a potential range of impact fees for each jurisdiction based on the results of the financial feasibility analysis in Task 3, and review of the fees charged in similar or competing jurisdictions.

The fee calculated under Task 4.1 represents the maximum fee that can be levied on new residential units. Selecting the actual fee requires sensitivity to local conditions. Strategic Economics will review and consider the factors described below:

Fees charged in neighboring jurisdictions. It is standard practice to consider the fee levels and requirements of neighboring and other peer jurisdictions. This analysis would compare recommended fees in for each jurisdiction with those charged in other similar Bay Area jurisdictions.

Financial Feasibility of Potential Fee Levels. The final recommendations for fees ideally are set so that they do not deter future development; the supportable fees determination will be informed by the financial feasibility analysis completed in Task 3. There are several ways to assess financial feasibility of potential fee levels:

- Assess how much the imposition of a fee will add to current fees on new residential developments.
- Determine the percentage of total development costs represented by fees. Strategic Economics will determine the financial feasibility of various fee options (including the maximum nexus justified fee resulting from this analysis and lower fee scenarios) by estimating the increase in total development costs resulting from the fees.
- Conduct financial feasibility sensitivity analyses (as part of Task 3) to determine how changing rents/prices, required return, and construction costs would interact with the ability to support different fee levels.

Based on efforts above, information on maximum nexus-justified fees and recommended fee levels for all jurisdictions included in the study will be provided.

An AB 602 “level of service” analysis will be completed for each participating jurisdiction after that jurisdiction selects a desired residential impact fee level. AB 602 requires the nexus study for a new impact fee to “identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.” (Government Code § 66016.5). Strategic Economics will provide sufficient analysis and findings to meet the AB 602 requirements by first identifying the existing ratio of deed-restricted, “family” affordable units in each city to the number of housing units in the city. Then Strategic Economics will calculate the level of service associated with the proposed residential impact fee, or the number of family affordable units that could be funded per

household created by new development. Finally, Strategic Economics will prepare findings justifying the need for additional affordable housing funding.

## **TASK 5: COMMERCIAL NEXUS STUDY**

Strategic Economics will complete a commercial nexus model to establish maximum defensible fee levels. Strategic Economics will first analyze information about recent and pipeline nonresidential development projects in the participating jurisdictions to establish six prototypes—likely including office, industrial, life science/R&D, retail, residential care facility, and hotel uses. The prototypes will be shared with and reviewed by CPC and jurisdiction staff to arrive at a final set of assumptions for the nexus and feasibility analyses.

The nexus analysis and subsequent affordability gap calculation will together allow Strategic Economics to identify the maximum possible commercial linkage fee that could be charged to net new nonresidential development. The nexus analysis will demonstrate the impact of new development on affordable housing needs. The nexus analysis is completed with the following steps:

- 1) Calculate the number of employees that will work in the space associated with the development prototypes.
- 2) Calculate the number of new households associated with this employment growth.
- 3) Estimate the incomes of the new employee-households.
- 4) Identify the number of associated moderate-, low-, very low-income employee households, all of which would reflect additional need for affordable housing.

The “affordable housing production cost gap” calculation described in sub-task 4.1 will generate a maximum fee that can be levied on new nonresidential developments.

## **TASK 6: COMMERCIAL FEASIBILITY STUDY AND AB 602 ANALYSIS**

### **Task 6.1: Shared Base Commercial Feasibility Study**

Selecting the actual fee requires sensitivity to local market conditions. A base financial feasibility analysis will be prepared to examine development feasibility and assess the sensitivity of the feasibility model to changes in land costs and achievable rents. Strategic Economics will conduct a financial feasibility analysis for the nonresidential prototypes by employing a similar methodology as for the residential prototypes in sub-task 3.1.

## **Task 6.2: City-Specific Recommendations and AB 602 Analysis**

Strategic Economics will recommend a potential range of impact fees for each city based on the results of the financial feasibility analysis in sub-task 6.1 and review of the fees charged in similar or competing cities. The “production cost affordability gap” calculation, feasibility analysis, and process for establishing recommended impact fees for each prototype and community will be completed using a similar approach and methodology as that described for the residential impact in sub-task 4.2.

An AB 602 “level of service” analysis will be completed for each participating city after that city selects a desired commercial linkage fee level, following a similar methodology as that described in sub-task 4.2

## **TASK 7: RECOMMENDATIONS, REPORTS, AND REVIEW MEETINGS**

### **Task 7.1: Draft Suite of Reports**

Strategic Economics will prepare three draft “model” reports representing the range of analyses and policy recommendations completed under tasks three through six. These draft reports will summarize methodology, findings, and recommendations for one city, along with standardized appendices for use in all reports. The participating cities will then provide comments on the model reports, and Strategic Economics will then author draft reports for all participating cities with customized assumptions and recommendations.

### **Task 7.2: Virtual Group Meeting**

Strategic Economics will conduct a virtual meeting with all participating cities to present the model draft reports and provide an overview of the recommendations. CPC will schedule the meeting.

### **Task 7.3: One-on-One Virtual Meetings**

Strategic Economics will conduct an additional virtual meeting with each city to present city-specific findings and recommendations, and to receive input and further direction. Upon request by a jurisdiction, Strategic Economics will attend additional virtual meetings up to the number of meetings specified by jurisdiction in the table below.

<b>Jurisdiction</b>	<b>Initial Virtual Meetings</b>	<b>Additional Virtual Meetings</b>	<b>Total Virtual Meetings</b>
Belmont	1	0	1
Brisbane	1	0	1
Daly City	1	1	2
East Palo Alto	1	4	5
Half Moon Bay	1	0	1
Menlo Park	1	0	1
Pacifica	1	0	1
Redwood City	1	4	5
San Bruno	1	0	1
San Mateo (City)	1	4	5
San Mateo (County)	1	0	1
<b>Grand Total</b>	<b>11</b>	<b>13</b>	<b>24</b>

#### **Task 7.4: Final Reports**

Strategic Economics will revise the draft reports and provide final reports. Revisions will be completed in response to a single consolidated set of comments and direction provided from the participating cities on their respective draft reports. The Final Reports will be delivered on a rolling basis, in order of priority as determined by the participating jurisdictions.

#### **Task 7.5: Public Hearings**

Strategic Economics will prepare for, attend, and present in person at one public hearing for each participating jurisdiction. Strategic Economics will prepare for, attend, and present in person at additional public hearings as specified by jurisdiction in the table below.

<b>Jurisdiction</b>	<b>Initial Public Hearings</b>	<b>Additional Public Hearings</b>	<b>Total Public Hearings</b>
Belmont	1	2	3
Brisbane	1	0	1
Daly City	1	2	3
East Palo Alto	1	0	1
Half Moon Bay	1	0	1
Menlo Park	1	2	3
Pacifica	1	0	1
Redwood City	1	3	4
San Bruno	1	2	3
San Mateo (City)	1	2	3
San Mateo (County)	1	1	2
<b>Grand Total</b>	<b>11</b>	<b>14</b>	<b>25</b>

## **TASK 8: AFFORDABILITY CONVERSION TOOL**

Strategic Economics will develop a methodology and spreadsheet tool that enables: 1) a conversion from a jurisdiction's affordable requirement to an alternative requirement targeted to a different income group or mix of income groups, 2) conversion of a commercial linkage fee obligation to an affordable unit obligation, and 3) conversion of a new unit obligation to a preserved/converted unit obligation.

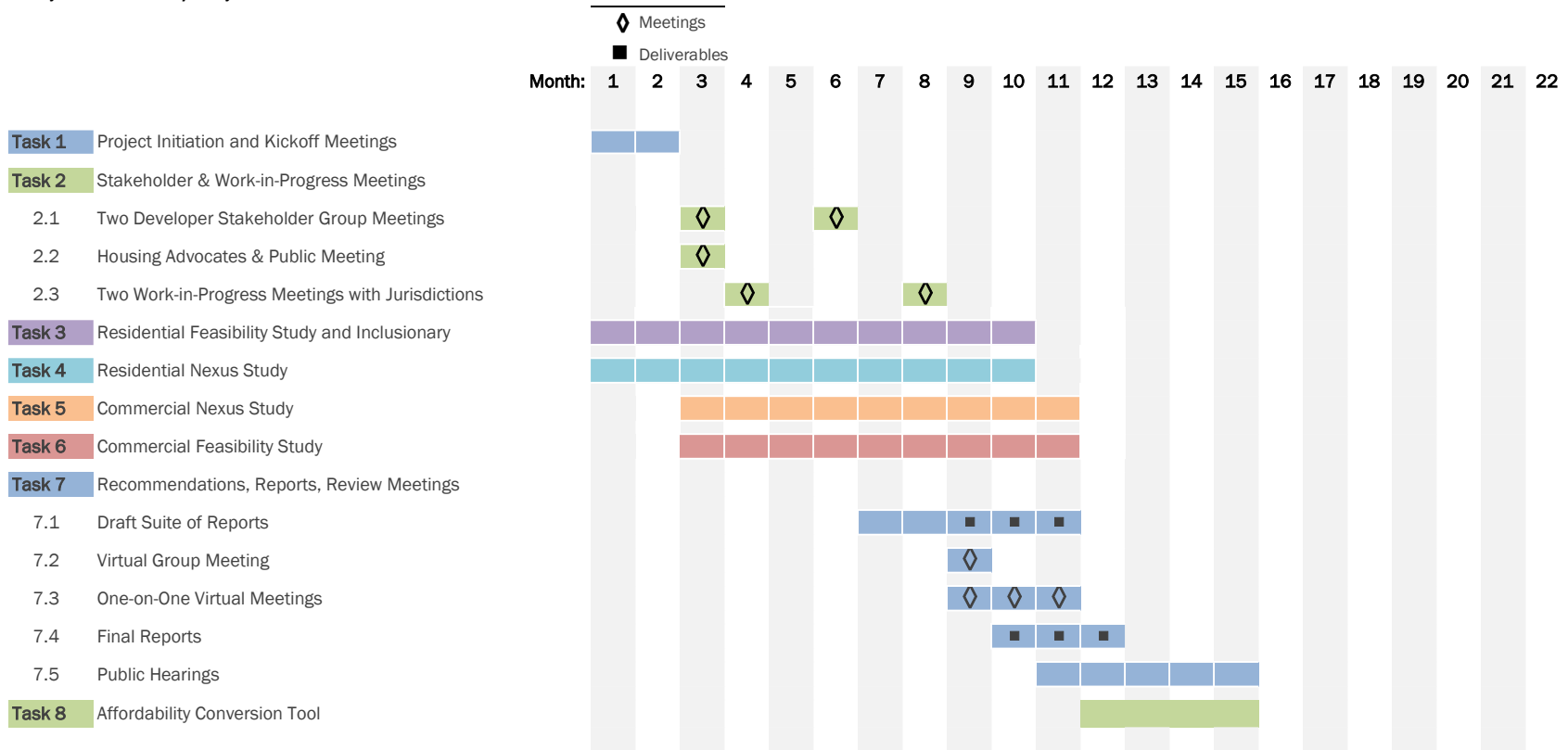
These conversions will be based on calculating a matrix of equivalency factors. The equivalency factors will be informed by inputs such as differences in affordability gap at different affordability levels and the affordable housing production cost gap for impact fees.

Development of the methodology will likely require policy judgments by the participating jurisdictions. Strategic Economics will first provide a draft methodology recommendations memo for consideration and written comment by participating jurisdictions. An additional group meeting will be conducted to present the draft methodology. Based on feedback, Strategic Economics will prepare a final methodology memo and a draft spreadsheet tool. The draft spreadsheet tool will be reviewed and commented on by the jurisdictions, and Strategic Economics will produce a final spreadsheet tool.



## Strategic Economics

### Multijurisdictional Study - Project Schedule



**Exhibit B**

In consideration of the services provided by Contractor described in Exhibit A and subject to the terms of the Agreement, County shall pay Contractor based on the following fee schedule and terms:

---

## Strategic Economics

### Budget for Inclusionary Housing and Commercial Linkage Fee Studies

Tasks	Staff Title Billing Rate	Braun Principal \$250		Cummings Senior Associate \$211		Holcomb Associate II \$191		McKiernan Associate \$159		Mariscal Research Analyst \$122		Subtotal:	
		Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
<b>Task 1</b>	Project Initiation and Kickoff Meetings	27	\$ 6,750	44	\$ 9,284	6	\$ 1,146	40	\$ 6,360	4	\$ 488	121	\$24,028
<b>Task 2</b>	Stakeholder & Work-in-Progress Meetings	30	\$ 7,500	62	\$ 13,082	0	\$ -	68	\$ 10,812	0	\$ -	160	\$31,394
<b>Task 3</b>	Residential Feasibility Study and Inclusionary Scenarios	48.75	\$ 12,188	163	\$ 34,393	32	\$ 6,112	296	\$ 47,064	61	\$ 7,442	601	\$107,199
<b>Task 4</b>	Residential Nexus Study	13	\$ 3,250	86	\$ 18,146	10	\$ 1,910	182	\$ 28,938	66	\$ 8,052	357	\$60,296
<b>Task 5</b>	Commercial Nexus Study	7.25	\$ 1,813	36	\$ 7,596	12	\$ 2,292	84	\$ 13,356	60	\$ 7,320	199	\$32,377
<b>Task 6</b>	Commercial Feasibility Study & AB 602 Analysis	22	\$ 5,500	116.5	\$ 24,582	23.25	\$ 4,441	198	\$ 31,482	69.75	\$ 8,510	430	\$74,514
<b>Task 7</b>	Recommendations, Reports, and Review Meetings												
7.1	Draft Suite of Reports	25.25	\$ 6,313	63	\$ 13,293	52.5	\$ 10,028	125	\$ 19,875	42	\$ 5,124	308	\$54,632
7.2	Virtual Group Meeting	8	\$ 2,000	10	\$ 2,110	0	\$ -	4	\$ 636	0	\$ -	22	\$4,746
7.3	One-on-One Virtual Meetings	45	\$ 11,250	58	\$ 12,238	0	\$ -	29	\$ 4,611	0	\$ -	132	\$28,099
7.4	Final Reports	18	\$ 4,500	22	\$ 4,642	11	\$ 2,101	33	\$ 5,247	11	\$ 1,342	95	\$17,832
7.5	Public Hearings	205	\$ 51,250	102.5	\$ 21,628	0	\$ -	68.25	\$ 10,852	0	\$ -	376	\$83,729
<b>Task 8</b>	Affordability Conversion Tool	8	\$ 2,000	110	\$ 23,210	8	\$ 1,528	60	\$ 9,540	0	\$ -	186	\$36,278
	Task Subtotals	457	\$ 114,313	873	\$ 184,203	155	\$ 29,557	1,187	\$ 188,773	314	\$ 38,278	2,986	\$555,123
	10% Contingency												\$55,512
	Expenses: Data & Travel												\$8,500
<b>TOTAL BUDGET</b>													<b>\$619,135</b>

BILLING RATE -- PRESIDENT: \$322/hour

Contractor will invoice on a monthly basis based on the hourly rates shown above.

County will pay Contractor within 30 calendar days of receipt of an invoice from Contractor itemizing the work completed. Contractor shall submit an invoice indicating the work performed during that billing period. In the event that County staff determines that the invoice is inadequate or fails to provide enough information for County staff to assess Contractor's compliance with the terms and timing of service under this Agreement, the County will return the invoice to Contractor with an explanation and request for missing information. The County shall not be obligated to pay Contractor until Contractor submits a corrected invoice, demonstrating satisfactory compliance with the terms of this Agreement. In no case shall the total amount payable under the terms of this Agreement exceed **\$619,135** without the prior written consent of the County in the form of an amendment to this Agreement.