



City of Chula Vista

Legislation Details (With Text)

File #:	15-0197	Name:	2 party Agreement with NBS
Type:	Consent Item	Status:	Passed
		In control:	City Council
On agenda:	5/26/2015	Final action:	5/26/2015
Title:	RESOLUTION NO. 2015-105 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA WAIVING THE COMPETITIVE FORMAL BID REQUIREMENT AND APPROVING AN AGREEMENT WITH NBS GOVERNMENT FINANCE GROUP IN THE AMOUNT OF \$96,000 TO PERFORM DISCLOSURE SERVICES IN PREPARATION FOR THE REFUNDING OF SEVERAL EXISTING COMMUNITY FACILITIES DISTRICTS		

Sponsors:

Indexes:

Code sections:

Attachments: 1. Item 3 - Agreement, 2. Item 3 - Resolution

Date	Ver.	Action By	Action	Result
5/26/2015	1	City Council	approve	Pass

RESOLUTION NO. 2015-105 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA WAIVING THE COMPETITIVE FORMAL BID REQUIREMENT AND APPROVING AN AGREEMENT WITH NBS GOVERNMENT FINANCE GROUP IN THE AMOUNT OF \$96,000 TO PERFORM DISCLOSURE SERVICES IN PREPARATION FOR THE REFUNDING OF SEVERAL EXISTING COMMUNITY FACILITIES DISTRICTS

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The City has formed many Community Facilities Districts (CFD) and Assessment Districts (AD) as financing mechanisms to fund infrastructure projects throughout the City. Typically these bonded districts pay for projects such as street improvements, parks, traffic signals, and drainage. Market interest rates for municipal bonds have remained low for quite some time which allows the City to consider refunding several existing CFD's.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that approval of an agreement for disclosure services is not a "Project" as defined under Section 15378 (b)(2) of the State CEQA Guidelines because approval of the contract is a continuing administration activity; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

BOARD/COMMISSION RECOMMENDATION

Not applicable

DISCUSSION

In the fall of 2014, engineering staff followed Chula Vista Municipal Code Section 2.56.110 in the consultant selection process for annual special tax district administration services. A comprehensive Request For Proposal (RFP) was prepared and ultimately the Selection Committee members recommended and City Council approved a three year agreement with Willdan Financial Services. Willdan is currently in the process of preparing for the annual special tax levy.

While NBS Government Finance Group was not awarded a new consulting agreement for annual special tax administration services, NBS has been the City's special tax administrator for over ten years. As a result, NBS is uniquely qualified to assist the City with the refunding of nine special tax districts because of their experience and familiarity with the Districts being considered for refunding. Staff recommends the waiver of the competitive bidding requirements pursuant to Municipal Code Section 2.56.070 (B)(3) as the City's interests would be materially better served by proceeding with the bond refunding to capitalize on current market interest rates

The consideration for refunding of bonds is entirely dependent upon economic conditions and the interest rate market as a whole. Interest rates remain historically low, but it is estimated that interest rates will begin to rise later this year in anticipation of the Fed raising the overnight borrowing rate. In order to expedite the preparation of bond documents, staff selected NBS to prepare necessary disclosure tables which will be included in the final bond documents for the refunded bonds.

NBS will provide certain disclosure data for the bond documents including the Official Statement. Such data shall include parcel data, assessed value data, value-to-lien information, Special Tax classification information and other relevant data necessary for proper disclosure to potential investors.

Consultant will review all documents prepared and provided by bond or other legal counsel and the financial advisor including the Official Statement, the Bond Indenture and the Continuing Disclosure Agreements.

Consultant will process the data and provide the following:

- Current and historical special tax delinquencies. This will include the amounts delinquent and any penalty and interest penalty accrued.
- Reports of Assessed Valuation and Property Ownership. Examples of available reports are, a) Top 10 property owners, b) Value to Lien Distributions, c) Historical Assessed Value.
- Reports of Land Use and Special Taxes. Examples of available reports are a) Summary of Special Taxes by Land Use, b) Summary of Most Recent Fiscal Year Special Tax Levy.

Based on current estimates, the savings to each of the Community Facilities Districts will exceed 5% Net Present Value savings in accordance with City policy.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action. Staff is not independently aware, and has not been informed by any City Council member, of any other fact that

may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The refunding of the CFD's supports the Economic Vitality goal as it reduces the property taxes of thousands of residents within the City.

CURRENT YEAR FISCAL IMPACT

The total cost of the Consultant's work will be paid directly out of the Cost of Issuance account of the refunded bonds. The cost per district is approximately \$10,000 for the related work required. This transaction does not affect the current fiscal year operating budget.

ONGOING FISCAL IMPACT

The approval of this item will not affect future year budgets.

ATTACHMENTS

Agreement

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