



# City of Chula Vista

## Staff Report

**File#:** 14-0759, **Item#:** 6.

RESOLUTION NO. 2015-023 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AWARDING THE AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND WILLDAN FINANCIAL SERVICES FOR SPECIAL DISTRICT APPORTIONMENT, DELINQUENCY MONITORING ADMINISTRATION AND OTHER SERVICES FOR ASSESSMENT DISTRICTS (ADs), COMMUNITY FACILITIES (MELLO-ROOS) DISTRICTS (CFDs) AND OPEN SPACE DISTRICTS (OSDs), AND AUTHORIZING AND DIRECTING THE MAYOR TO EXECUTE SAID AGREEMENT

### RECOMMENDED ACTION

Council adopt the resolution.

### SUMMARY

The City requires the services of Willdan Financial Services for performance of Special District Apportionment, Delinquency Monitoring Administration and Other Services.

### ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378(b) (2) of the State CEQA Guidelines because the proposed agreement consists of administrative services involving the City's obligation to provide sufficient funding for the City's Special Tax Districts. Therefore, pursuant to Section 15060(c) (3) of the State CEQA Guidelines the activity is not subject to CEQA review.

### BOARD/COMMISSION RECOMMENDATION

Not applicable

### DISCUSSION

During the last two decades, the City has formed 12 Assessment Districts under the Municipal Improvement Act of 1913 and bonds have been issued pursuant to the Improvement Bond Act of 1915 to provide financing for the construction of public infrastructure for new developments through the issuance of Assessment District bonds. The repayment of the bonds is made from assessment installments collected from the property owners in conjunction with their property taxes. The following table shows the City's current 1913 and 1915 Act Assessment Districts:

**Current 1913 & 1915 Act Assessment Districts within the City of Chula Vista**

AD No.	Name	Refinancing District No.
85-2 86-1	Eastlake I	1995
86-1	Eastlake I (Residential)	1995

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87-1	East H Street	1995
88-2	Otay Lakes Road, Rancho Del Rey	1995
90-1	Salt Creek I	2001-1
90-3	Eastlake Greens I	2001-1
91-1	Telegraph Canyon Road II	2001-1
88-1	Otay Lakes Road, I	2001-2
90-2	Otay Lakes Road (A & B)	2001-2
92-2	Auto Park	2001-2
94-1	Eastlake Greens II	Not Applicable
87-1	East H Street	2005-1
88-2	Otay Lakes Road, Rancho Del Rey	2005-1
97-2	Otay Ranch Village I	2005-2

In conjunction with the Assessment Districts, the City has established 23 Community Facilities (Mello-Roos) Districts (CFDs) in accordance with the Mello-Roos Community Facilities Act of 1982 for the construction of public facilities and the maintenance of open space areas. These Districts are as follows:

**Current Community Facilities Districts within the City of Chula Vista**

<b>CFD No.</b>	<b>Name</b>
97-1	Open Space Maintenance District (Otay Ranch - SPA One, Villages 1 & 5)
97-2	Preserve Maintenance District
97-3	Otay Ranch McMillin Acquisition
98-1	Interim Open Space Maintenance District (Otay Project, LLC-OVP, Villages 1 West, 2, 2 West, 6, 7 & Planning Area 12)
98-2	Interim Open Space Maintenance District (McMillin - D.A. America, Otay - SPA Two, Villages 6 & 7)
98-3	Open Space Maintenance District No. 35 (Sunbow II)
99-1	Otay Ranch SPA I (Series A bonds)
99-2	Otay Ranch SPA One - Village 1 West
07M	Eastlake Woods, Vistas & Land Swap
08M	McMillin Otay Ranch Village 6
09M	Village 11 - Otay Ranch Brookfield Shea
11M	Rolling Hills Ranch
12M	Otay Ranch Village 7
13M	Otay Ranch Village 2
14M	Otay Ranch Millenia - Eastern Urban Center
06-I	Eastlake Woods, Vistas & Land Swap
07-I	Otay Ranch Village 11
08-I	Otay Ranch Village 6

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12-I	McMillin Otay Ranch Village 7
13-I	Otay Ranch Village 7 and Village 2
2000-1	Sunbow II Villages 5-10
2001-1	San Miguel Ranch
2001-2	McMillin Otay Ranch Village 6

Thirteen (13) of these Districts (CFDs 97-1, 97-2, 98-1, 98-2, 98-3, 99-2, 07M, 08M, 09M, 11M, 12M, 13M and 14M) provide funds for the maintenance of open space or preserve areas. Ten (10) Districts (CFDs 97-3, 99-1, 2000-1, 2001-1, 2001-2, 06I, 07I, 08I, 12-I, and 13-I) provide funds for the construction of backbone streets and associated improvements, Public Facilities Development Impact Fee (PFDIF) improvements, and pedestrian bridges.

In addition to Assessment Districts and Community Facilities Districts, the City also established Open Space Districts (OSDs) over the last 40 years. The City administers and maintains 24 Open Space Districts. These Districts are shown below:

**Current Open Space Districts within the City of Chula Vista**

<b>OSD No.</b>	<b>Name</b>
1	El Rancho Del Rey 1-4
2	Lark Haven
3	Rancho Robinhood Units 1 & 2
4	Bonita Ridge
5	South Bay Villas
6	Hilltop Vista
7	Zenith Units 2, 3, 4
8	Rancho Robinhood Unit 3
9	El Rancho Del Rey
10	El Rancho Del Rey, Casa Del Rey
11	Hidden Vista Village
14	Bonita Long Canyon
15	Bonita Haciendas
17	Bel Air Ridge
18	Rancho Del Sur
20	Rancho Del Rey
23	Otay Rio Business Park
24	Canyon View Homes
26	Park Bonita
31	Telegraph Canyon Estates
33	Broadway Business Home Village
ELMD	Eastlake Maintenance District No. 1
BAY-	Bay Boulevard Maintenance District

-	Towne Centre Maintenance District
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OSDs were created in conjunction with each particular development to ensure financing for the perpetual maintenance of common open space areas. The Districts provide a financing mechanism for the City to levy an annual collectible to cover the costs and maintenance associated with each OSD. City Council approves the annual collectible and then, similar to Assessment Districts and Community Facilities Districts, Open Space Districts levy collection also appears on the owner's property tax bill.

#### *Scope of Work*

Willdan Financial Services will prepare annual assessment collection reports, assessment diagrams, annual collections, tapes, and spreadsheets and submit them to the County Auditor-Controller before August 10 of each year for inclusion on the property owner's tax bill. The annual assessment collection report is done in compliance with Section 8730 of the Streets and Highways Code, which states that when a parcel of land on which there is an unpaid assessment divides, the original assessment must be segregated and apportioned in accordance with the benefits to the several pieces of the original lot. In addition to the reports, Willdan Financial Services shall notify bondholders and underwriters of the apportionment. Willdan Financial Services will prepare these reports and perform these activities for all Special Districts within the City.

Moreover, Willdan Financial Services will provide bi-annual reports of delinquent parcels to the City and, upon approval of the reports; contact delinquent property owners; be responsible for requesting direct payments to the City by delinquent property owners; and removal of the delinquent assessments from the County tax roll for all Special Districts.

Additionally, the administration of Special Tax Districts involves other tasks, such as performance of bond call spreads, early redemption of outstanding bonds, and releasing of liens associated with early payoffs. Backup or Extraordinary Special Taxes must be recalculated upon permit issuance in order to reflect changes in proposed density and land use.

Lastly, Willdan Financial Services will provide continuing disclosure pertaining to the Special Districts as necessary to ensure ongoing compliance with the continuing disclosure requirements of Rule 10b-5 and 15c2-12 of the Securities and Exchange Commission. Willdan Financial Services will provide required financial and operating data called for by disclosure agreements or which would otherwise be considered material in keeping securities holders informed of the investment quality of the Debt Issue(s). Willdan Financial Services will prepare an Annual Information Statement, which includes a report that will contain relevant documents relating to Debt Issue(s) and required third-party data and other information, which has been analyzed and verified for accuracy, materiality and appropriateness by Willdan Financial Services.

#### *Consultant Selection Process*

Staff reviewed the methods of accomplishing the work, including performing the activities in-house and using a consultant. Additional staff would need to be hired and trained in order to do the work in-house. This would not be practical due to time constraints (the August 10 deadline) and the fact that most of the work involved in this contract needs to be done during a four-month period. The hiring of a consultant would therefore be more practical and cost-effective. In the past, the City has employed different selection processes in choosing the firms that would perform Assessment District apportionment, Community Facilities District administration, and Assessment District and Community Facilities District delinquency monitoring services. During certain time periods, the City has employed as many as three separate firms as consultants on these matters. Staff believes that the combination of these required services under one contract will result in cost savings and facilitate coordination of these services.

Engineering staff followed Chula Vista Municipal Code Section 2.56.110 in the consultant selection process. As required, a Request for Proposal (RFP) was prepared. Additionally, an advertisement inviting proposals was published in the Chula Vista *Star-News*.

The RFP included a description of the scope of work and the time frames for completion. Each firm was asked to indicate in its proposal: 1) proof of general familiarity with various types of Special Tax Districts; 2) proof of capacity, resources and specialized equipment or expertise to perform the work; 3) names and qualifications of all key personnel to be used

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in the project, including any subconsultants; 4) past record of performance and references; 5) the location of the office where the work is to be performed; and 6) a cost estimate.

The following seven (7) firms responded to the RFP mailing and invitation and sent proposals:

<u>Firm Name</u>	<u>Location</u>
Dolinka Group	Irvine, CA
Harris & Associates	San Diego, CA
NBS	Temecula, CA
PSOMAS	San Diego, CA
Special District Financing & Administration (SDFA)	Escondido, CA
David Taussig & Associates	Newport Beach, CA
Willdan Financial Services	Temecula, CA

The Selection Committee consisted of the following members:

Tiffany Allen, Treasury and Business Manager  
Robert Beamon, Administrative Services Manager  
Alicia Granados, Accountant  
Tricia Mcewen, Procurement Specialist  
Samuel Oludunfe, Open Space Manager  
Amy Partosan, Management Analyst

The Selection Committee members were provided with individual copies of the proposals from the 7 firms. All firms were invited to participate in the interview process. On December 2, 2014 the Selection Committee interviewed, judged, and discussed the firms based on the qualification of personnel, adherence of firm's proposal to RFP guidelines, resources available to perform tasks on time and within budget, firm experience directly related to contract, quality of presentation, response to interview questions, and total cost and justification. Willdan Financial Services was selected as the most qualified to perform the services required for all Special Tax Districts. This decision was based on evaluating many criteria, including project team and area knowledge, experience handling similar matters for other agencies and municipalities, and quality of work based on results achieved through similar contracts. In regard to all of these factors, the Selection Committee concluded that the case for Willdan Financial Services was the strongest among the competing firms.

#### *The Agreement*

The proposed agreement with Willdan Financial Services uses the City's standard two-party agreement. Under this contract, the Consultant agrees to perform the scope of work from February 3, 2015 through June 30, 2018 with two one-year options as outlined in Exhibit A of the agreement. This section is extremely precise in order to ensure that all of the City requirements are included in the fee. The compensation schedule can be reviewed in Exhibit A of the agreement.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council and has found that Mayor Casillas Salas and Councilmembers Aguilar and McCann have real property holdings within 500 feet of the boundaries of the property which is the subject of this action. However, it has been determined that, no conflicts of interest exist pursuant to California Code of Regulations (CCR) section 18700(b)(6), as it is neither reasonably foreseeable that the decision will have a material financial effect on the real property, nor will the decision impose, repeal, or modify any assessments or taxes on the real property holdings as specified in CCR section 18705.2(a)(3), but is simply administrative in nature. 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**

This item supports the City's Strategic Plan as it seeks to enhance the City's Strategic Goal of Healthy Community and strives to maintain landscaped open space areas throughout the city. This item also supports the Strong and Secure Neighborhoods goal as it provides infrastructure built by bonded districts (Assessment Districts and Improvement CFDs), vital to the quality of life for the residents.

### **CURRENT YEAR FISCAL IMPACT**

The administrative costs for each non-bonded Special Tax District (Open Space Districts and Maintenance CFDs) will be financed out of the revenue generated by the individual districts via the annual levy. Administrative costs incurred by the bonded districts (Assessment Districts and Improvement CFDs) will be recovered through the 'administrative fee' component of the annual levy, with invoices sent directly to the district's trustee for payment. These costs include the placement of the annual levy on the tax roll and other administrative tasks as required. With the current number of parcels and districts, the annual contract amount for these administration services is estimated at \$118,125. The exact contract amount will not be known until shortly prior to the submittal of the annual levy to the County, as that number will depend on the parcels split by the County as of the August 10<sup>th</sup> deadline.

All costs associated with the preparation of the Annual Continuing Disclosure Report will also be recovered directly from the annual revenues of the Districts. Costs associated with delinquency management services will be recovered from the delinquent property owners. Lastly, all costs associated with apportionment services will be offset by apportionment deposits received from property owners/developers via the previously described apportionment application process. All of these contract amounts will vary each year based on the number of disclosure reports generated, delinquencies, and apportionments processed by the consultant.

### **ONGOING FISCAL IMPACT**

In future years, the contract amount will vary as additional districts and parcels are created.

### **ATTACHMENTS**

1. Agreement with Willdan Financial Services for Assessment District, Community Facilities District and Open Space District Apportionment, Delinquency Monitoring, Administration and Other Services.

*Staff Contact: Amy Partosan, Management Analyst*