



## Legislation Details (With Text)

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**Title:** Award and approve administrative agreement with Willdan Financial Services to provide services in connection with City bonds relating to arbitrage calculations, continuing disclosure, and the administration of special districts within the boundaries of the City of Fresno  
**Sponsors:** Finance Department  
**Indexes:**  
**Code sections:**  
**Attachments:** 1. 2016 AD Consulting Services Standard Not-to-Exceed template ALL 3.1\_03-24-14\_Signed by Willdan.pdf

Date	Ver.	Action By	Action	Result
6/23/2016	1	City Council	approved	Pass

## REPORT TO THE CITY COUNCIL

**June 23, 2016**

**FROM:** MICHAEL LIMA, Finance Director/Controller  
Finance Department

**BY:** PHILLIP HARDCASTLE, Principal Accountant-Debt Administration  
Finance Department

## SUBJECT

Award and approve administrative agreement with Willdan Financial Services to provide services in connection with City bonds relating to arbitrage calculations, continuing disclosure, and the administration of special districts within the boundaries of the City of Fresno

## RECOMMENDATION

Staff recommends that the Council approve the accompanying administration agreement with Willdan Financial Services ("Willdan") to provide required services in connection with City bonds and special districts.

## EXECUTIVE SUMMARY

The City of Fresno has contracted with Willdan to provide administrative services relating to bonded

assessment and special tax districts, arbitrage and disclosure reporting, and parcel apportionments for the last seventeen years. The current agreement expired on April 30, 2016. A new agreement must be entered into so as to prevent delays in the services performed. Willdan was selected to continue the services because, of the two companies which submitted responsive proposals, Willdan has the lowest cost, and was willing to accept all of the terms of the City's Standard Consulting Services Agreement.

## BACKGROUND

There are presently four special assessment and community facilities districts in the City where bond debt has been issued to fund public improvements and infrastructure costs, such as streets, curbs, gutters, median islands, traffic signals, etc. In addition, there are four maintenance districts to maintain such improvements on an on-going basis. Some of these districts were formed as far back as 20 years ago. These district operations are secured by an assessment lien or special tax levied against the parcels within a district. The amount of the lien is proportional to the amount of benefit a parcel receives from the improvements funded by the district. Property owners repay their assessment and special tax liens, along with the City's administrative cost to support the districts, in annual installments at the time property taxes are collected by the County of Fresno. There are over 36,000 properties in Fresno that fall within these districts.

Staff seeks approval of a contract with a firm to perform administrative duties required of the City to comply with the administrative functions associated with these districts. These duties include maintaining a comprehensive database of assessed parcels and bond transactions, preparing the annual assessment levy, correcting rejected assessments, providing assessment pay-off information, calculating revised assessments, managing delinquencies, spreading apportioned parcels, and filing all required notices to the County.

In addition to the assessment district services, the selected firm would also address several administrative tasks required under the indentures for City-issued bonds. Those services include coordinating bond calls, providing annual disclosure reports, calculating IRS arbitrage rebates, and filing all required notices to trustees and bondholders.

The district administration cost would be funded from the administrative fee the City currently collects from the assessment or special tax levy. Bond services would be funded from annual appropriations in each of the City's debt service funds. The overall annual cost of the contract for routine services is estimated at \$60,000. All other services in the contract would be irregular, and charged per item.

City staff selected Willdan through the competitive process, whereby 711 companies were requested to submit proposals, including four specifically chosen as a result of an inquiry to other cities for the companies they use to provide the same services. The request for proposal was posted in the Business Journal on March 23, 2016. Two companies responded with a proposal. Willdan was the proposer with the lowest cost and was willing to accept all of the terms of the City's Standard Consulting Services Agreement, which was sent with the RFP. Consequently, no changes were made to the City's Standard Consulting Services Agreement as part of this award.

Willdan has provided these services to the City for the last seventeen years. During that time, it

has assisted the City in reducing overall district delinquencies from 2.5 percent to less than 0.5 percent, and helped organize required documents and calculations relating to disclosure and arbitrage reporting. By deferring the tasks to Willdan, City staff time otherwise spent on administrative activities has been shifted to analyzing refinancing opportunities, investing bond proceeds, setting up a database of City debt information, and cross-training in managing the City investment portfolio; thereby eliminating the need to add staff as more special districts are formed and bonds issued. City staff believes that entering into another agreement with Willdan would be in the best interest of the City.

## **ENVIRONMENTAL FINDINGS**

This is not a “project” for the purposes of CEQA pursuant to CEQA Guidelines Section 15378.

## **LOCAL PREFERENCE**

The City’s Local Preference Ordinance (FMC 4-108) does not apply because neither respondent to the RFP is local.

## **FISCAL IMPACT**

The cost of this administration contract over the five-year term is estimated at \$300,000, or \$60,000 annually. Approximately \$26,000 of the annual funding sources would come from an existing fee paid by property owners. This fee is included in the annual assessment or special tax and deposited into a trust account for the exclusive purpose of funding the administrative costs of each district. The balance of funds required for this contract will be budgeted in each fiscal year’s budget in the City’s various debt service funds.

Attachment:  
Municipal Securities Administration Agreement