

TO: JAMES L. APP, CITY MANAGER
FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: PROPOSAL TO PROVIDE COMMUNITY FACILITIES
DISTRICT ADMINISTRATION SERVICES
DATE: NOVEMBER 15, 2005

Needs: For the City Council to consider authorizing the City to enter into a contract with MuniFinancial Services to provide property tax administration for the City's Community Facilities District (CFD) for services.

Facts:

1. The City's General Plan calls for "fiscal neutrality" for new development.
2. Pursuant to the General Plan policy, the City Council has established a requirement for new discretionary residential development to enter into a CFD to pay for the incremental increase in the cost of providing services.
3. In order for the City to receive the required property tax revenues that support the new services, the City needs to submit property tax roll documentation to the County Tax Assessor.
4. The property tax roll information required for the CFD is similar to the same type of data that MuniFinancial is providing to the County for the City's Landscaping and Lighting Districts.
5. The City's costs for an administrative contract for the CFD will be reimbursed from future CFD revenues.

Analysis
and

Conclusion: The County Assessor requires certain property tax information to be submitted by the City in order for the County to channel CFD revenues back to the City.

MuniFinancial is providing that same type of service for the City's Landscaping and Lighting District.

It would seem most efficient to have MuniFinancial provide the CFD property tax information to the County as long as they are doing the Landscaping and Lighting District administration.

Attached is a copy of the proposal from MuniFinancial. The fees charged by MuniFinancial reflect a base fee of \$3,500 plus \$2.00 per parcel. The projected fee for the first year would be \$3,538, plus reimbursable expenses. A not-to-exceed budget of \$5,000 is suggested for 2006.

There are currently a total of 80 dwelling units required to participate in the City's CFD for Services. The projected revenue for the first year of operation of the CFD is currently \$52,560.

Policy

Reference: General Plan; City Council policies related to Community Facilities Districts

Fiscal

Impact: The City's expense for CFD property tax documentation will be an expense reimbursable from CFD revenues. Based on current information, it is estimated that the advance will be \$3,538, plus any reimbursable expenses, for a not-to-exceed budget of \$5,000 is suggested for 2006.

Options:

- a. Attach Resolution No. xxx authorizing the City to enter into an agreement with MuniFinancial to provide property tax administration services for the City's Community Facilities District for services, and appropriating \$5,000 for property tax administration services..
- b. Amend, modify or reject the foregoing option.

Attachments (2)

1. Proposal for Services
2. Resolution

*Proposal to Provide
Community Facilities District
Administration Services to the
City of Paso Robles*



27368 Via Industria, Suite 110, Temecula, California 92590

October 18, 2005

Ms. Sharie Scott
Community Development-Engineering Division
City of Paso Robles
1000 Spring Street
Paso Robles, California 93446

Re: Proposal to Provide Community Facilities District Administration Services to the City of Paso Robles

Dear Ms. Scott:

Based on your emailed request to Division Manager Mark Risco, I am submitting this proposal for Community Facilities District Administration, along with the related service of Delinquency Management. Although we know that you are familiar with MuniFinancial from our administration of your City's Landscaping and Lighting Districts, we have, nevertheless, included a summary of our administration experience in the event that you share the proposal with others at the City who are not familiar with our firm.

If the City elects to utilize these services, Mr. Risco will serve as the principal-in-charge, while I will serve as the project manager; and Ms. Rhonda Lawson will be the analyst dedicated to the project's administration. Collectively, this team will act as an extension of your staff, and provide your City with the requisite experience and technical knowledge in district administration; thus presenting the level of expertise required to successfully complete this project.

We are excited about this opportunity of working with you and your staff and look forward to hearing from you. If you have any questions, please call Mr. Risco or me at (800) 755-MUNI (6864).

Sincerely,
MuniFinancial



Gladys Medina, Project Manager
District Administration Services

Enclosure

cc: Mr. Mark Risco, Division Manager, District Administration Services

MR:\acr\G:\Documentation\Client Proposals & Contracts\DAS\Paso Robles\Proposals\2005\Paso Robles Proposal Final Sent (CFD-DM) 10-18-05.doc

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DEMONSTRATED KNOWLEDGE

DISTRICT ADMINISTRATION SERVICES

MuniFinancial has the largest special district formation and administration practice in the nation, providing administration, financial, and consulting services in three states—California, Arizona, and Washington. MuniFinancial is a member of *The Willdan Group of Companies*; and together with our affiliate engineering company, *Willdan*, MuniFinancial offers a truly unique range of services to local government. With hundreds of ongoing client relationships for finance, engineering, and other services, we have been consistently called upon to assist public agencies with a wide range of special projects. We bring to the City of Paso Robles the experience and knowledge of seasoned municipal finance consultants and engineering experts under one roof.

MuniFinancial has several attributes that set us apart from our competitors:

- ♦ Our company was formed to specifically offer annual district administration as a specialty service. Our organizational structure and systems have been designed to meet the needs of this niche market.
- ♦ A focus on customer service, specifically on acting as an extension of agency staff.
- ♦ A computer program that is specifically designed for district administration — *MuniMagic™* — *MuniFinancial's Municipal Administration & Government Information Coordinator*. This is the database tool we use to process levies, automate Delinquency Management, and serve as a central source to address property owner and interested parties' inquiries. New functionality allows reporting on phone call activity.
- ♦ In addition to our administration services, we offer financial consulting services that include cost-of-service studies, rate analysis, district formation, fiscal impact studies, and economic analysis. All of these available services enhance our ability to serve public agencies.
- ♦ A dedicated staff committed to meeting deadlines, being responsive to clients and working hard to stay on top of legislative and industry developments.
- ♦ Internet access (*optional*): Web access to parcel data is available to clients for whom MuniFinancial administers district data. Details on this exceptional service are available upon request.

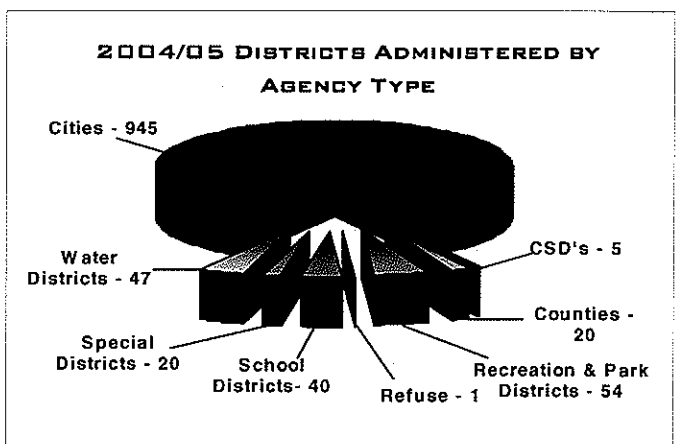
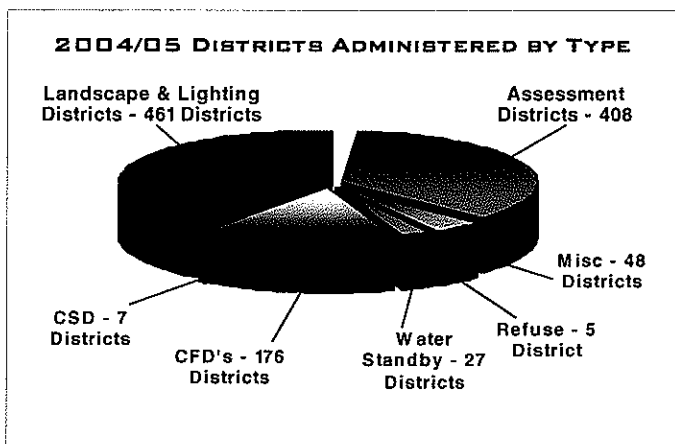
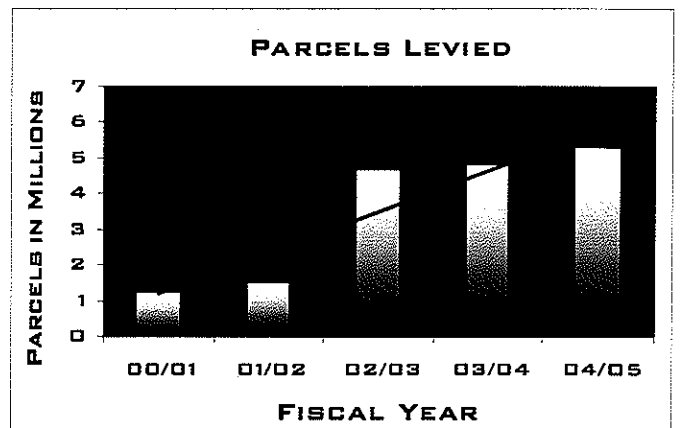
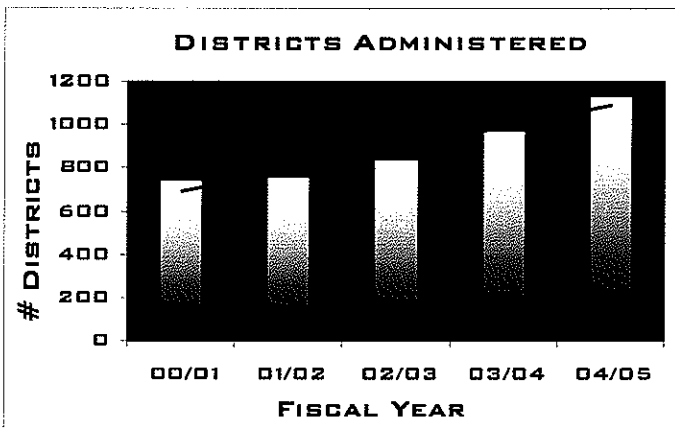
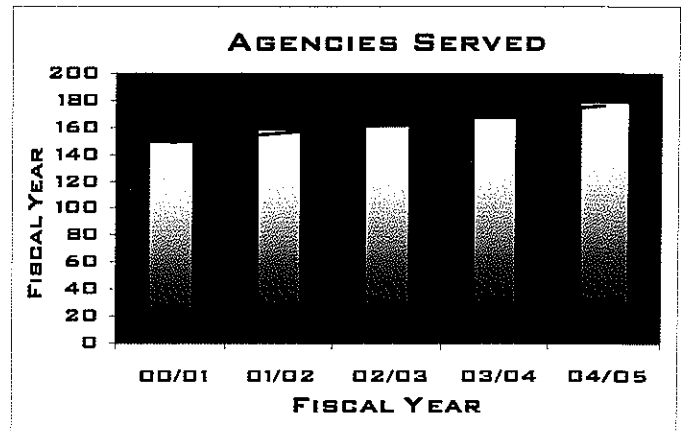
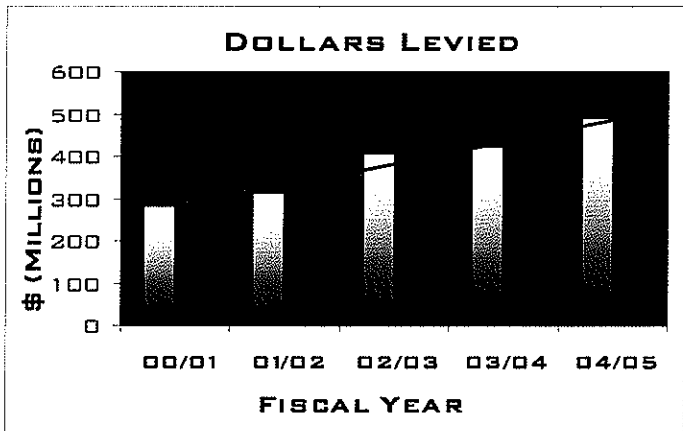
Administering Districts

MuniFinancial's District Administration Services division has an extensive staff of 31 individuals with over 17 consecutive years devoted wholly to district administration, including the preparation of annual reports, calculating Special Taxes and assessments, submittal of annual levies, and responding to property owner inquiries generated by such services. Our administration staff annually levies millions of parcels each year with each of the last two years *exceeding 5.0 million parcels*.

During this past year, our staff was responsible for administering over *1,130 special districts* representing nearly *half a billion dollars* in individual fees, charges, taxes and assessments in *34 counties* in California, for *180 public agencies*.

Historical Statistics for District Administration Services

The project matrices below demonstrate MuniFinancial's full range of administrative experience and expertise. These charts present the statistics and type of districts that we are contracted to annually administer. On behalf of our clients, we are now responsible for levying *half a billion dollars* each year!



Experience with the Annual Levy Process

Three (3) major steps define the typical annual levy process:

- Step 1:** The establishment of the proposed Special Tax for each parcel based on an annual budget and a defined rate and Method of Apportionment;
- Step 2:** The preparation and acquiring of approval for the Special Taxes in a Council agenda package; and
- Step 3:** Submittal of the approved taxes to the County Auditor/Controller.

However, the key to a successful levy process is more than these three (3) steps. The process involves attention to details and follow-up. By simply calculating the Special Tax and applying it to Assessor Parcel Numbers (APNs) identified as valid parcels, then submitting those taxes to the County will likely result in lost revenue owing to parcel rejects. Prior to submitting the approved levy to the County, MuniFinancial's standard administration practice includes updating the levy data with the most recent secured roll information. All parcel changes and potential rejects are researched and reconciled, new APNs are identified, and the proposed tax amounts are recalculated. After the updated levy has been submitted, the County provides a list of rejects, which may include additional parcel changes or non-taxable properties. These parcels are then reconciled and resubmitted to the County.

Property Owner Service Calls

MuniFinancial's four (4) full-time property owner services representatives, bilingual in English and Spanish, spend their days accepting phone calls related to assessments, charges and taxes. They have been trained to respond to questions pertaining to each charge we administer. They use MuniFinancial's proprietary computer system to readily access the owner's name, the Assessor's Parcel Number, the existing taxes or assessments, and more. In so doing, we enable expediency.

The property owner services representatives are available to respond to phone calls from eight in the morning until five in the evening, Monday through Friday, excluding major holidays when the MuniFinancial offices are closed.

SCOPE OF SERVICES

COMMUNITY FACILITIES DISTRICT ADMINISTRATION

MuniFinancial provides full-service formation and administration services for Community Facilities Districts (CFDs). The following is our scope of services for administration. All costs associated with CFD annual administration are fully recoverable, either through the Special Tax levy or payment by requestor for special services.

MuniFinancial will:

1. Maintain and periodically update an electronic database containing parcel basis data and annual Special Tax levy amounts by Assessor's Parcel Number.
2. Annually calculate and apportion the Special Taxes as specified in the Rate and Method of Apportionment of Special Tax.
3. Use, if applicable, the listing of any approved exemptions provided by the County; identify each parcel, and modify the proposed Special Tax, accordingly.
4. Prepare, if necessary, an annual resolution that establishes the budget for the fiscal year and application of the Special Tax to be submitted to the County, including the Special Tax summary for the fiscal year.
5. Provide Special Tax levies for each parcel by Assessor's Parcel Number to the County Auditor/Controller's Office in the media, format and configuration required by the County for placement on the annual property tax roll.
6. Research parcel exceptions provided by the County and, if possible, resubmit installment amounts that are unapplied by the County Auditor/Controller's Office. MuniFinancial will manually invoice Special Tax installments that cannot be collected on the County property tax roll on behalf of the City.
7. Provide a toll-free number to field inquiries from City staff, property owners and other interested parties regarding Special Tax installments and related information.
8. Monitor delinquencies each February and May, and submit periodic delinquency reports to the City.
9. Prepare an Annual Special Tax report. This report will include:
 - ♦ The identification of CFD administrative cost items eligible for recovery by the County;
 - ♦ The review of fund balances to identify any surplus funds;
 - ♦ The delinquency summaries; and
 - ♦ A cover letter to the report providing related recommendations or issues, if any. The cover letter is not intended to be a component of the report.
10. Prepare "Notice of Special Tax" as required by the *California Government Code*, Sections 53340.2(b) and 53341.5, as amended. The fee for this service is \$10 per Notice and is to be paid by the requestor.

11. Assist the City in the filing of a report with its governing body each year to comply with legislation approved in 2001 that enforces additional reporting requirements. This annual filing shall meet with regulations imposed by the California Government Code, Section 50075.3 (a) & (b) and/or Section 53411 (a) & (b), as amended (Senate Bill 165).
12. Be available to attend meetings.

Client Responsibilities

For district administration services, MuniFinancial will rely on assistance from the City of Paso Robles in obtaining the following information:

- ♦ Information related the district, such as historical and formation data. This information will assist in the initial setup of the district and may include, but is not limited to, diagrams and recorded notices for the district; Engineer's Reports; assessment rolls; copies of resolutions approved during the formation process for the district; and databases of parcels in the district, including historical levy information.
- ♦ Annual information related to fund balances for the district.
- ♦ The budget summary to be incorporated into the annual resolution establishing the budget and Special Tax rates for the district.
- ♦ An annually updated listing of all parcels that have been approved for any applicable exemptions, if necessary.
- ♦ Information regarding land subdivision, issuance of building permits and/or certificates of occupancy (as required by the City of Paso Robles). Although MuniFinancial will annually research information, it may still be necessary to obtain additional assistance from the City.
- ♦ Current development plan/tentative maps and annual changes, modifications or updates, if necessary.
- ♦ Confirmed assessment roll and other district information for new districts as they become available, if required.

DELINQUENCY MANAGEMENT

MuniFinancial provides a variety of Delinquency Management services that can be tailored to fit your needs. Authorization from the City will be obtained prior to MuniFinancial proceeding with the actions in items three (#3) and four (#4) below.

1. Monitor delinquent tax bill payments in December and April of each year.
2. Provide delinquency reports to the City of Paso Robles in January and May.
3. Send a delinquency reminder letter after the first installment of the tax bill becomes delinquent.
4. Send a 30-day delinquency demand letter after the second installment of the tax bill becomes delinquent. Each demand letter will include a brochure providing answers to commonly asked questions regarding delinquencies.
5. Provide our toll-free telephone number throughout the entire Delinquency Management process to field inquiries from staff, parcel owners, lenders, and other interested parties concerning annual installments and delinquencies.

Client Responsibilities

For Delinquency Management services, MuniFinancial will require the following information:

- ♦ Existing delinquency information.
- ♦ Input concerning existing or the establishment of Delinquency Management procedures.

The City will assist MuniFinancial in obtaining the above and any other applicable information, if needed.

The City of Paso Robles acknowledges that MuniFinancial shall be relying upon the accuracy of the information provided by the City or their designees and that MuniFinancial shall not be liable for any inaccuracies contained in such information.

COST PROPOSAL

COMMUNITY FACILITIES DISTRICT ADMINISTRATION

MuniFinancial will provide Community Facilities District Administration Services as described by our scope of services. The number of parcels shown in the following fee table is the basis of this proposal. All hourly rates, fees, and expense rates are subject to increase, not to exceed the Consumer Price Index within the applicable area. As the work progresses, these fees are payable on a monthly-basis.

DISTRICT	NO. OF PARCELS	BASE FEE	PER PARCEL FEE	ANNUAL FEE
Paso Robles CFD No. 2005-1	19	\$ 3,500	\$ 2.00	\$ 3,538

DELINQUENCY MANAGEMENT

Per Parcel/Per District Fees: The following per-parcel/per district fees are invoiced to the City as the service is rendered and are ultimately paid by, or on behalf of, delinquent property owners.

SERVICES	FEE
Fees Ultimately Reimbursed To Agency By Property Owner:	
Delinquency Reminder Letter	\$ 15
Delinquency Demand Letter	45

REIMBURSABLE EXPENSES

MuniFinancial will be reimbursed, at cost, for out-of-pocket expenses. Examples of reimbursable expenses include, but are not limited to: postage, travel expenses, mileage (48.5¢ per mile), maps, electronic data furnished from the County and/or other applicable resources, construction cost periodicals, and copying (currently 6¢ per copy). Any additional expense for reports or from outside services will be billed to the City, at our cost, with no overhead markup. Charges for meeting and consulting with counsel, the City, or other parties regarding services not listed in the scope of work above will be at our then-current hourly rates (see the "Additional Services" section below).

In the event that a third party requests any documents, MuniFinancial may, in accordance with MuniFinancial's applicable rate schedule, charge such third party for providing these documents.

ADDITIONAL SERVICES

Hourly Rates

Additional services may be authorized by the City in writing and will be billed at our then-current hourly consulting rates. Our current hourly rates are:

TITLE	HOURLY RATE
Division Manager	\$180
Principal Consultant	145
Senior Project Manager	125
Project Manager	105
Senior Project Analyst	95
Senior Analyst	85
Analyst	75
Analyst Assistant	65
Property Owner Services Representative	50
Support Staff	45

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH
MUNI FINANCIAL SERVICES FOR COMMUNITY FACILITIES DISTRICT PROPERTY
TAX ADMINISTRATION

WHEREAS, the City has a General Plan policy calling for “fiscal neutrality” and the City Council has established a Community Facilities District to require payments of the incremental costs of providing services to new residential development; and

WHEREAS, the City needs assistance to file the required property tax documentation with the County of San Luis Obispo in order for the City to receive property tax revenues pursuant to the adopted Community Facilities District.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The City Council of the City of El Paso de Robles does hereby authorize a budget appropriation in the amount of \$5,000 to Budget Account No. 309-710-5224-222. The actual cost for assessment levy administration services incurred during fiscal year 2006 and all subsequent years plus County of San Luis Obispo collection fees (currently \$2.00 per assessment) shall be added annually to the tax roll for CFD participation.

SECTION 2. The City Manager is authorized to enter into a contract with MuniFinancial to prepare the required property tax documentation for the County of San Luis Obispo for fiscal year 2007 and subsequent tax years, subject to the City’s right to terminate the services agreement.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 15th day of November 2005 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk