

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Service
SUBJECT: Highway 101/46 West Interchange – Special Tax Consulting Services
DATE: November 21, 2006

NEEDS:

For the City Council to consider a contract with Koppel and Gruber Public Finance (KG) to prepare the special tax report required for the proposed Highway 101/46 West community facilities district (CFD).

FACTS:

1. The Council previously approved a contract with Berryman and Henigar for special tax services for the proposed CFD.
2. For performance reasons, the contract with Berryman and Henigar has been terminated and the City is seeking replacement services.
3. The firm of KG, who finished a close second in the original evaluation process, has agreed to complete the special tax report.
4. KG proposes a not to exceed fee of \$24,700 plus out of pocket expenses not exceeding \$1,000 without prior City approval plus \$1,150 per property owner if more than two public meetings are required.

**ANALYSIS &
CONCLUSION:**

Formation of the CFD for the Highway101/46W interchange improvements requires the preparation of a special tax report. The special tax report identifies the annual assessment levy for each parcel within the CFD. The levies repay bonds sold to construct interchange improvements.

The City originally hired Berryman & Henigar. Their contract has been terminated. As previously noted, KG has agreed to complete the special tax report.

**FISCAL
IMPACT:**

The proposed contract with KG is \$17,300 less than the \$42,000 predecessor contract with Berryman and Henigar. Even though Berryman and Henigar has been paid \$9,900, the City will pay less to KG for the special tax report (unless unanticipated special circumstances arise).

- OPTIONS:
- a. That the Council adopt Resolution No. 06-XX approving a contract with Koppel and Gruber Public Finance for special tax consulting services and authorize the Director of Administrative Services to execute said contract; or
 - b. Amend, modify or reject above option.

RESOLUTION NO. 06-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING A PROFESSIONAL CONSULTING SERVICES AGREEMENT
WITH KOPPEL AND GRUBER PUBLIC FINANCE FOR
SPECIAL TAX CONSULTING SERVICES

WHEREAS, the City is desirous of moving forward with the formation of a community facilities district to finance interchange improvements at Hwy101/46 West and Vine Street; and

WHEREAS, the City must retain outside expertise to provide special tax consulting or assessment engineering services to form an assessment district or a community facilities district; and

WHEREAS, the City has identified Koppel and Gruber Public Finance as a firm capable of providing the desired special tax services.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the contract attached herewith as Exhibit "A" is hereby approved and the Director of Administrative Services is authorized to execute said contract subject to City Attorney approval.

PASSED AND ADOPTED BY THE City Council of the City of Paso Robles this 21ST day of November 2006 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk

CONSULTANT'S SERVICES AGREEMENT

THIS AGREEMENT, made this 21st day of November, 2006, by and between the CITY OF PASO ROBLES, California (hereinafter referred to as "CITY"), and Koppel and Gruber Public Finance. (hereinafter referred to as "CONSULTANT").

WHEREAS, CITY desires to retain a qualified individual, firm or business entity to provide special tax consulting services (hereinafter referred to as Services); and

WHEREAS, CITY desires to engage CONSULTANT to provide Services by reason of its qualifications and experience for performing said services, and CONSULTANT has offered to provide the required services on the terms and in the manner set forth herein.

NOW, THEREFORE, in consideration of their mutual covenants, the parties hereto agree as follows:

1. CONTRACT COORDINATION

- a. CITY. The Director of Administrative Services shall be the representative of CITY for all purposes under this Agreement. The Director, or his designated representative, hereby is designated as the Contract Manager for the CITY. He shall supervise the progress and execution of this Agreement.
- b. CONSULTANT. CONSULTANT shall assign a single Contract Manager to have overall responsibility for the progress and execution of this Agreement for CONSULTANT. Scott Koppel is hereby designated as the Contract Manager for CONSULTANT. Should circumstances or conditions subsequent to the execution of this Agreement require a substitute Contract Manager for any reason, the Contract Manager designee shall be subject to the prior written acceptance and approval of the CITY's Contract Manager.

2. DUTIES OF CONSULTANT

- a. Services to be furnished. CONSULTANT shall provide all specified services as set forth in the attached Exhibit "A".
- b. Laws to be observed. CONSULTANT shall:
 - (1) Procure all permits and licenses, pay all charges and fees, and give all notices which may be necessary and incidental to the due and lawful prosecution of the services to be performed by CONSULTANT under this Agreement;
 - (2) Keep itself fully informed of all existing and proposed federal, state and local laws, ordinances, regulations, orders, and decrees which may affect those engaged or employed under this Agreement, any materials used in CONSULTANT's

performance under this Agreement, or the conduct of the services under this Agreement;

- (3) At all times observe and comply with and cause all of its employees to observe and comply with all said laws, ordinances, regulations, orders, and decrees mentioned above.
- (4) Immediately report to the CITY's Contract Manager in writing any discrepancy or inconsistency it discovers in said laws, ordinances, regulations, orders, and decrees mentioned above in relation to any plans, drawings, specifications, or provisions of this Agreement.

- c. Release of reports and information. Any video tape, reports, information, data, or other material given to, or prepared or assembled by CONSULTANT under this Agreement shall be the property of CITY and shall not be made available to any individual or organization by CONSULTANT without the prior written approval of the CITY's Contract Manager.
- d. Copies of video tapes, reports and information. If CITY requests additional copies of video tapes, reports, drawings, specifications, or any other material in addition to what the CONSULTANT is required to furnish in limited quantities as part of the services under this Agreement, CONSULTANT shall provide such additional copies as are requested, and CITY shall compensate CONSULTANT for the costs of duplicating of such copies at CONSULTANT's direct expense.
- e. Qualification of CONSULTANT. CONSULTANT represents that it is qualified to furnish the services described under this Agreement.

3. DUTIES OF CITY

CITY agrees to cooperate with CONSULTANT and to perform that work described in Exhibit "A" attached hereto and incorporated by this reference.

4. COMPENSATION

The CONSULTANT will perform the work as described in Exhibit "A" and shall be paid at the hourly rates identified in attached Exhibit "B" but no event shall the total fees exceed Twenty-four thousand seven hundred dollars (\$24,700) plus up to One thousand dollars (\$1,000) for out of pocket expenses unless approved in advance by the CITY. Owner meetings in excess of two shall be billed at the rate of \$1,150 per meeting.

All work performed by CONSULTANT shall be billed to the CITY on a monthly basis and shall be paid by the CITY within thirty (30) days of receipt. Billings shall clearly identify the number of hours of worked, who worked the hours, the applicable hourly rate and a description of the work performed.

5. TIME FOR COMPLETION OF THE SERVICES

All services shall be deemed complete when, in final report form, the CONSULTANT submits to the CITY the final Recorded Notice of Special Tax lien amounts.

6. TEMPORARY SUSPENSION

The CITY's Contract Manager shall have the authority to suspend this Agreement wholly or in part, for such period as he deems necessary due to unfavorable conditions or to the failure on the part of the CONSULTANT to perform any provision of this Agreement. CONSULTANT will be paid the compensation due and payable to the date of temporary suspension.

7. SUSPENSION: TERMINATION

- a. Right to suspend or terminate. The CITY reserves the right to terminate this Agreement for any reason by notifying CONSULTANT in writing seven (7) days prior to termination and by paying the compensation due and payable to the date of termination; provided, however, if this Agreement is terminated for fault of CONSULTANT, CITY shall be obligated to compensate CONSULTANT only for that portion of CONSULTANT services which are of benefit to CITY. Said compensation is to be arrived at by mutual Agreement of the CITY and CONSULTANT and should they fail to agree, then an independent arbitrator is to be appointed and his decision shall be binding upon the parties.
- b. Return of materials. Upon such termination, CONSULTANT shall turn over to the CITY immediately any and all copies of videotapes, studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT, and for which CONSULTANT has received reasonable compensation, or given to CONSULTANT in connection with this Agreement. Such materials shall become the permanent property of CITY. CONSULTANT, however, shall not be liable for CITY's use of incomplete materials or for CITY's use of complete documents if used for other than the project or scope of services contemplated by this Agreement.

8. INSPECTION

CONSULTANT shall furnish CITY with every reasonable opportunity for CITY to ascertain that the services of CONSULTANT are being performed in accordance with the requirements and intentions of this Agreement. All work done and all materials furnished, if any, shall be subject to the CITY's Contract Manager's inspection and approval. The inspection of such work shall not relieve CONSULTANT of any of its obligations to fulfill its Agreement as prescribed.

9. OWNERSHIP OF MATERIALS

All original drawings, videotapes and other materials prepared by or in possession of CONSULTANT pursuant to this Agreement shall become the permanent property of CITY, and shall be delivered to the CITY upon demand.

10. ASSIGNMENT: SUBCONTRACTORS: EMPLOYEES

This Agreement is for the performance of planning services of the CONSULTANT and is not assignable by the CONSULTANT without prior consent of the CITY in writing. The CONSULTANT may employ other specialists to perform services as required with prior approval by the CITY.

11. NOTICES

All notices herein under shall be given in writing and mailed, postage prepaid, by Certified Mail, addressed as follows:

CITY: Michael Compton
Director of Administrative Services
City of Paso Robles
1000 Spring Street
Paso Robles, Ca. 93446
(805) 237-3999
(805) 237-6565 FAX
mcompton@prcity.com

CONSULTANT: Scott Koppel
Project Manager
Koppel and Gruber Public Finance
334 Via Vera Cruz, Suite 256
San Marcos, Ca. 92078
(760) 510-0290
(760) 510-0288 FAX
scott@kgpf.net

12. INTEREST OF CONSULTANT

CONSULTANT covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. CONSULTANT further covenants that, in the performance of this Agreement, no sub-contractor or person having such an interest shall be employed. CONSULTANT certifies that no one who has or will have any financial interest under this Agreement is an officer or employee of CITY. It is expressly agreed that, in the performance of the services hereunder, CONSULTANT shall at all times be deemed an independent contractor and not an agent or employee of CITY.

13. INDEMNITY

CONSULTANT hereby agrees to indemnify and save harmless CITY, its officers, agents and employees of and from:

- a. Any and all claims and demands which may be made against CITY, its officers, agents, or employees by reason of any injury or death of or damage to any person or corporation caused by any negligent act or omission of CONSULTANT under this Agreement or of CONSULTANT's employees or agents;
- b. Any and all damage to or destruction of the property of CITY, its officers, agents or employees occupied or used by or in the care custody, or control of CONSULTANT, or in proximity to the site of CONSULTANT's work, caused by any negligent act or omission of CONSULTANT under this Agreement or of CONSULTANT's employees or agents;
- c. Any and all claims and demands which may be made against CITY, its officers, agents, or employees by reason of any injury to or death of or damage suffered or sustained by any employee or agent of CONSULTANT under this Agreement, however caused, excepting, however, any such claims and demands which are the result of the sole negligence or willful misconduct if CITY, its officers, agents, or employees;
- d. Any and all claims and demands which may be made against CITY, its officers, agents, or employees by reason of any infringement or alleged infringement of any patent rights or copyrights or claims caused by the use of apparatus, appliance, or materials produced or furnished by CONSULTANT under this Agreement; and
- e. Any and all penalties imposed or damages sought on account of the violation of any law or regulation or if any term or condition of any permit, when said violation of any law or regulation or of any term or condition of any permit is due to negligence on the part of the CONSULTANT.
- f. CONSULTANT, at its own cost, expense, and risk, shall defend CITY from any and all claims, demands, suits, actions, or other legal proceedings, including those to enforce any penalty that may be brought against CITY, its officers, agents or employees, and pay and satisfy any judgment or decree that may be rendered against CITY, its officers, agents, or employees in any such suit, action or other legal proceeding, when same were due to negligence of the CONSULTANT.

14. WORKERS COMPENSATION

CONSULTANT certifies that it is aware of the provisions of the Labor Code of the State of California, which require every employer to be insured against liability for workers compensation or to undertake self-insurance in accordance with the provisions of that code, and it certified that it will comply with such provisions before commencing the performance of the work of this Agreement.

15. INSURANCE

- a. At the request of the CITY, CONSULTANT shall provide proof of comprehensive general liability insurance (\$300,000) (including automobile) satisfactory to the CITY.
- b. CONSULTANT shall provide proof of special insurance of the types (such as "errors and omissions" or professional liability) and in the amounts as may be set forth on Exhibit "A".

16. AGREEMENT BINDING

The terms, covenants, and conditions of this Agreement shall apply to, and shall bind, the heirs, successors, executors, administrators, assigns, and subcontractors of both parties.

17. WAIVERS

The waiver by either party of any breach or violation of any term, covenant, or condition of this Agreement or of any provision, ordinance, or law shall not be deemed to be a waiver of any subsequent breach or violation of the same or of any other term, covenant, condition, ordinance, or law. The subsequent acceptance by either party of any fee or other money which may become due hereunder shall not be deemed to be a waiver of any term, covenant, or condition of this Agreement or of any applicable law or ordinance.

18. COSTS AND ATTORNEY'S FEES

The prevailing party in any action between the parties to this Agreement brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorney's fees expended in connection with such an action from the other party.

19. DISCRIMINATION

No discrimination shall be made in the employment of persons under this Agreement because of the race, color, national origin, ancestry, religion or sex of such person.

If CONSULTANT is found in violation of the nondiscrimination provisions of the State of California Fair Employment Practices Act or similar provisions of federal law or executive order in the performance of this Agreement, it shall thereby be found in material breach of this Agreement. Thereupon, CITY shall have the power to cancel or suspend payable to CONSULTANT the sum of Twenty-five Dollars (\$25) for each person for each calendar day during which such person was discriminated against, as damages for said breach of contract, or both. Only a finding of the State of California Fair Employment Practices Commission or the equivalent federal agency or officer shall constitute evidence of a violation of contract under this paragraph.

If CONSULTANT is found in violation of the nondiscriminatory provisions of this Agreement or the applicable affirmative action guidelines pertaining to this Agreement, CONSULTANT shall be found in material breach of the Agreement. Thereupon, CITY shall have the power to cancel or suspend this Agreement, in whole or in part, or to deduct from the amount payable to CONSULTANT the sum of Two Hundred fifty Dollars (\$250) for each calendar day during which CONSULTANT is found to have been in such noncompliance as damages for said breach or contract, or both.

19. AGREEMENT CONTAINS ALL UNDERSTANDINGS

This document (including all exhibits referred to above and attached hereto) represents the entire and integrated Agreement between CITY and CONSULTANT and supersedes all prior negotiations, representations, or Agreements, either written or oral. This document may be amended only by written instrument, signed by both CITY and CONSULTANT. All provisions of this Agreement are expressly made conditions. This Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, CITY and CONSULTANT have executed this Agreement the day and year first above written.

Koppel and Gruber Public Finance

CITY OF PASO ROBLES

By _____

By _____

EXHIBIT "A"

Assessment Engineering and/or Special Tax Consulting

Scope of Services. CONSULTANT will provide in a professional manner assistance to the CITY to form a community facilities district to finance improvements to the Highway 101/Highway 46 West Interchange in accordance with the request for proposals distributed by the CITY's financial advisor, Northcross, Hill & Ach, attached herewith and included herein as EXHIBIT "C-1" and the CONSULTANT's response to said request for proposals attached herewith and included herein as EXHIBIT "C-2" and the CONSULTANT's addendum to the October 7, 2005 proposal dated October 25, 2006 included herein as EXHIBIT "C-3".

EXHIBIT "B"

Schedule of Hourly Rates/Fees

Principal	\$150
Senior Associate	\$105
Associate	\$ 85
Administration	\$ 60

EXHIBIT "C-1"

Request for Proposals

|NORTHCROSS | HILL | ACH |

Northcross, Hill & Ach Tel: 415.506.3400
Specializing in Public Finance Fax: 415.506.3401
1333 N. McDowell Blvd, www.nhainc.net
Suite A
Petaluma, CA 94954

To: Special Tax Consultants

Date: September 30, 2005

From: G. Craig Hill

RE: City of El Paso de Robles
Formation of a Community Facilities District
Request for Qualifications for Special Tax Consultant

The City of El Paso de Robles (the "City") is interested in the formation of a community facilities district (the "CFD") for a specific set of properties located adjacent to State Highway 101 and 46. The properties that are being considered are mainly commercial and would benefit from improvements being proposed to the interchanges.

We have provided some background information for your review. Please provide us with a *short scope of services* and fee schedule for the proposed CFD. We are also looking at the potential formation of an assessment district (as opposed to the CFD) for the same project.

If you have any questions, please feel free to contact us. We would like to get responses back within the next week if possible. If you need more time, please let us know.

**101/46 WEST
FORMATION OF AN ASSESSMENT DISTRICT**

August 2005

PROJECT DESCRIPTION

Background

US Route 101 is the major south-north corridor in San Luis Obispo County. State Route (SR) 46 is the major east/west expressway serving San Luis Obispo County regional traffic. SR 46 has a route break at US Route 101 with the westerly segment of SR 46 (SR 46 W) intersecting US Route 101 at approximate SR 46 W KP 35.2 (US 101 KP 87.1) and then the easterly segment of SR 46 (SR 46 E) intersecting US Route 101 at approximate US 101 KP 93.2. US Route 101 crosses over SR 46 West at the southerly limits of the City of El Paso de Robles. The tight diamond interchange at the juncture of US 101 and 46 West was originally designed and constructed by the State in 1966 with the ramp intersections spaced at roughly 260 feet apart and the adjacent frontage roads less than 30 feet from the US Route 101 ramp intersections with State Route 46 West. The lack of separation between the ramp termini intersections and the frontage roads limits the amount of left turn and through movement storage and increases the potential for accidents. In addition, the current configuration of the interchange does not meet the current Caltrans Design Standards. The interchange includes signalized intersections of the US Route 101 ramps Theater/Vine Street parallels US Route 101 to the west. Ramada Drive parallels US Route 101 to the east.

The need to improve/upgrade the interchange was identified by the California Department of Transportation (Caltrans), the County of San Luis Obispo (County), and San Luis Obispo Council of Governments (SLOCOG) and the City of El Paso de Robles (City) in 1997. At that time, the City, County and SLOCOG entered into a Cooperative Agreement to share the responsibility in improving the interchange as the surrounding area develops.

This interchange plays a vital role for tourist and commercial traffic to and from the coastal areas and is on the main coastal regional route between southern and northern California. It also serves regional traffic accessing the retail and industrial facilities surrounding the interchange. Development of these retail and industrial areas will create a greater demand for improvement of the interchange.

Population Growth and Traffic Projections

The population within the City of El Paso de Robles and its Sphere of Influence has been analyzed as part of the City's Land Use and Circulation Elements of the 2003 General Plan. Anticipated regional, County, and City growth in areas east of US Route 101, and areas west and south of US Route 101 at the interchange, will result in additional traffic demand and unacceptable Level of Service (LOS) at the US Route 101 ramp and frontage road intersections with State Route 46 West.

Traffic within the study area will experience a significant increase in congestion and delay by the year 2028 without implementation of interchange and intersection improvements. These reductions in levels of service will severely reduce mobility around this US Route to State Route Connection.

Proposed Project and Cost Estimates

In April 2005, a Project Study Report (PSR) was approved by Caltrans. The purpose of the PSR was to identify alternatives to improve safety and reduce congestion in and around the US Route 101/46 West Interchange consistent with local and regional plans, which would be accomplished by the following:

- Improve the southbound and northbound US Route 101 ramp intersections with State Route 46 West to meet Caltrans minimum Level of Service.
- Improve the frontage road intersections with State Route 46 West to meet the City of El Paso de Robles minimum Level of Service.
- Reduce interregional and regional congestion through the US Route 101/State Route 46 West interchange.
- Further the goals of the General Plans for the City of El Paso de Robles and the County of San Luis Obispo, and with the SLOCOG Regional Transportation Plan.
- Resolve the storage capacity need at the interchange.

The PSR developed several alternatives that meet Caltrans design standards for implementation. In order to arrive at the final design, the next phase of the project is to prepare a Project Approval and Environmental Document (PAED). It will be at this phase that public input will be solicited and a final alternative will be selected for design and construction.

The range of costs anticipated for the five alternatives developed are as follows.

	Range of Capital Costs (Millions)	Range of Right-of-Way Costs (Millions)	Range of Design and Construction Engineering Costs (Millions)	Project Totals (Millions)
No Build	-0-	-0-	-0-	-0-
Dual Roundabouts	\$22 to \$24	\$3 to 5	\$10 to \$12	\$35 to \$41
Spread Diamond	\$38 to \$42	\$16 to \$18	\$22 to \$25	\$76 to \$85
Spread Diamond and Roundabout (east side)	\$24 to \$27	\$6 to \$8	\$12 to \$15	\$42 to \$50
Minimum Build (no Charolais connection)	\$21 to \$24	\$3 to \$5	\$10 to \$12	\$34 to \$41

Project Timeline (Tentative)

Complete PAED December 2007
 * Complete Design June 2009
 * Complete Construction 2012/2013

* Note: Subject to funding availability



October 7, 2005

Mr. G. Craig Hill
Northcross, Hill & Ach
1333 N. McDowell Blvd., Suite A
Petaluma, CA 94954

PROPOSAL FOR SPECIAL TAX CONSULTING SERVICES FOR THE FORMATION OF A COMMUNITY FACILITIES DISTRICT, CITY OF EL PASO DE ROBLES

Dear Mr. Hill:

Thank you for the opportunity to propose on the planned Community Facilities District (CFD) in the City of El Paso de Robles (City). In response, Koppel & Gruber Public Finance is pleased to present our proposal to assist in the formation of the CFD to the City.

I will act as project manager for the City of El Paso de Robles. I will be the City's day-to-day contact and will be responsible for the accurate and timely delivery of work product, attendance and participation at team meetings, and will be available to make presentations at City Council meetings and other public meetings. Lyn Gruber and Doug Floyd will provide analytical assistance on the projects and assist in the preparation of special tax calculations, day-to-day administration, and will also be available to assist at City Council meetings and other public meetings.

Again, thank you for providing us the opportunity to propose on the formation of the CFD. Please feel free to contact me if you have any questions. My telephone numbers are (760) 510-0290 or (760) 586-5377; you may email either Lyn or me at lyn@kgpf.net or scott@kgpf.net.

Sincerely,

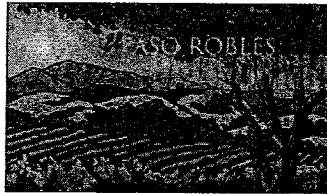
A handwritten signature in black ink that reads "Scott Koppel". The signature is written in a cursive style.

Scott Koppel

334 VIA VERA CRUZ, SUITE 256 • SAN MARCOS, CALIFORNIA • 92078
760.510.0290 FAX 760.510.0288

**PROPOSAL FOR SPECIAL TAX CONSULTING SERVICES
FOR THE FORMATION OF A COMMUNITY FACILITIES DISTRICT
CITY OF EL PASO DE ROBLES**

October 7, 2005



KOPPEL & GRUBER
PUBLIC ACCOUNTANTS

334 VIA VERA CRUZ, SUITE 251
SAN MARCOS, CA 92078

PHONE: 760-510-0290
FAX 760-510-0288

TABLE OF CONTENTS

1.	BACKGROUND.....	1
2.1	SCOPE OF SERVICES FOR THE FORMATION OF A CFD.....	1
2.2	SCOPE OF SERVICES FOR THE FORMATION OF AN ASSESSMENT DISTRICT.....	4
3.	FIRM DESCRIPTION AND QUALIFICATIONS.....	6
4.	COMPENSATION.....	7

1. BACKGROUND

We understand that the City of El Paso de Robles (the City) is interested in forming a CFD for a specific set of properties (mostly commercial) located adjacent to US Route 101 and State Route 46 for the purpose of improving and upgrading the interchange located at the juncture of US 101 and 46 West.

The formation of the CFD is an important financing mechanism to meet the City's goal of upgrading and improving the interchange to meet the standards set out by Caltrans Design Standards, as well as furthering tourist and commercial traffic to and from the coastal areas. The CFD will also allow the City to securely encourage regional traffic access to the burgeoning retail and industrial development surrounding the interchange.

Though a CFD is the financing mechanism currently being considered for the project improvements, the City may also want to explore the possibility of forming an Assessment District. A CFD requires voter approval of two-thirds of the voters. If there are less than twelve registered voters within the CFD, then landowners would vote on the CFD based on the amount of acreage they own. Assessment law allows assessment districts to be used to finance street and interchange type improvements, however with the passage of Proposition 218 the issue of how properties are receiving a specific benefit versus properties receiving general benefits from the improvements must be thoroughly explored and considered. If funding from additional sources can be located to fund the general benefit portion of the project, the Assessment District has the advantage of a lower voting threshold. An Assessment District requires a fifty percent approval based on the property owner's assessment.

Below is our Scope of Services for both a CFD and an Assessment District formation.

2.1 Scope of Services for the Formation of a CFD

As Special Tax Consultant, K&G Public Finance will perform the following scope of work in relation to the formation of the CFD.

1. Participate in meetings and conference calls as necessary (up to six) throughout the formation process and bond issuance. Develop effective channels of communication to facilitate the project moving forward in a successful and timely manner.
2. Gather land use and interchange improvement related information. Information typically gathered includes the existing development, any new development, absorption of any future development, net acres and other parcel information. This information comes from a variety of sources including the City, County, property owners and other financing team members.
3. Prepare an estimated budget of the proposed improvements to be financed based on information provided by the team, including issuance costs related to the Bonds. Improvement costs typically come from the design engineer or City Staff. Bond issuance costs are estimated and discussed with the financing team for completeness.

4. Prepare a special tax analysis. This analysis typically includes a variety of special tax categories based on the anticipated development. This approach will be discussed for appropriateness with the City and other financing team members. Our analysis will include effective tax rates and maximum special tax coverage.

This analysis is reviewed with the financing team, modified if necessary and finalized prior to moving forward with the formation. We are prepared to provide up to four different tax spreads based on different scenarios.

5. Develop the Rate and Method of Apportionment of Special Tax (RMA) based on the special tax analysis described above. The RMA will be crafted to include a rational basis of spreading the special tax and an equitable allocation of special tax burden among current and future property owners. Additional items considered in the Rate and Method of Apportionment includes a practical "trigger" method for classification of parcels into categories and a pre-payment methodology.
6. Prepare a boundary map in accordance with the Streets and Highways Code, 18-inch by 26-inch format suitable for recording as well as 8-inch by 11-inch format including a configuration of parcels at the time of district formation. This may include either assessor parcel numbers or recorded tract information. Coordinate the appropriate signatures for the map and record the boundary map after approval by the legislative body

These first six tasks are usually completed within a 30-60 day time frame.

7. Assist the City and financing team with the preparation of documentation including the Resolution of Intention, Resolution of Formation, Official Statement (OS), and other necessary documents.
8. Attend Council meetings where the consideration of the Resolution of Intention, Resolution of Formation, and bond issuance are on the agenda.
9. Verify the number of registered voters within the CFD with the County's Registrar of Voters. Coordinate with Bond Counsel in preparing the ballots and assist in mailing to voters.
10. Prepare the Community Facilities District Report in accordance with Government Code Section 53321.5. At a minimum the Community Facilities District Report will include the following components:
 - a. A description of the proposed public facilities to be funded.
 - b. Costs estimates of the proposed facilities.

Typically included, although not required are the following components:

- a. Estimates of bond issuance and other incidentals costs.
 - b. Description of the CFD and a copy of the boundary map.
 - c. A brief explanation of the annual special tax rates by special tax classification and the Rate and Method of Apportionment.
11. Coordinate the appropriate signatures and record the Notice of Special Tax Lien upon formation of the CFD.

Bond Issuance Participation

12. Create tables for the Preliminary Official Statement (POS) and Official Statement (OS). These tables typically include:

- a. Maximum special tax coverage.
- b. Effective tax rate table showing the tax rate projected to be on an average developed parcel in the CFD.
- c. Projected special taxes based on development status at bond sale.
- d. Sample tax bill.
- e. Direct and overlapping debt

Additional tables may be necessary based on team discussion. We will also take an active role in creating and reviewing the POS and OS with respect to information included in the Community Facilities District Report, additional bond issues, foreclosure covenants, disclosure agreements, and escrowed proceeds (if applicable).

13. Review the fiscal agent agreement/bond indenture prepared by Bond Counsel. The fiscal agent agreement/bond indenture is written to establish and describe the funds, accounts and/or subaccounts created in relation to the issuance of bonds.
14. Review and sign the Special Tax Consultant Certificate certifying that the maximum special tax rates are sufficient to meet debt service requirements in relation to the issuance of bonds.

These last eight tasks are usually completed within a 90-120 day time frame, if the property owners waive all election timeframe requirements. However, due to the fact that there is diverse ownership this may be unlikely. Therefore these tasks may take six months or more.

2.2 Scope of Services for the Formation of an Assessment District

K&G Public Finance will perform the following scope of work if the City determines that the formation of an Assessment District is preferable to the formation of a CFD.

1. Prepare a property owner mailing list to be used for balloting and noticing purposes and to determine the Assessor's Parcel Numbers, land use and other secured roll information in order to allocate the estimated costs and to determine each property's maximum assessment.
2. Work with City staff and the financing team to determine the infrastructure costs, bond financing and cost of issuance for the project.
3. Based on the information obtained in the above steps, prepare a preliminary assessment methodology that may consider the land use, potential zoning, building status, building square footage, acreage and front footage for each property receiving a special benefit from the proposed improvements. During this step we will also explore the general vs. specific benefit issues. Both the methodology and the general benefit component will be discussed with the financing team and adjusted as necessary before completing the Assessment Engineer's Report.
4. Prepare the Assessment Engineer's Report which will contain at least the following sections:
 - a. Plans and specifications for the improvements;
 - b. An estimate of the costs of the improvements;
 - c. A boundary map and assessment diagram for the Assessment District;
 - d. An assessment of the estimated costs of the improvements to each assessor's parcel based on the specific benefit that they receive;
 - e. The specific benefit methodology and general benefit discussion;
 - f. The method of spread methodology to each of the parcels within the District; and
 - g. Signed by a registered engineer as required by state statute.
5. Review the resolutions prepared by Bond Counsel for the two required City Council Meetings – The Resolution of Intent and the Public Hearing Resolutions.
6. Attend the two Council Meetings (Intent and Public Hearing) and make council presentations or answer questions as necessary.
7. Obtain the necessary signatures and record the Boundary Map at the County.
8. Prepare the property owner ballots and notice of public hearing and assist the City clerk in the mailing of them to the property owners of record on the latest County Secured Property Tax Roll. We will also assist with re-mailing ballots to new property owners or to property owners that require a duplicate ballot.
9. Assist the City Clerk with the tabulation of the ballots at the close of the public hearing.

10. Assist the City in answering property owner questions that may arise during and after the formation process.

If the district does not have a majority protest based on the tabulation of the assessment ballots we will also provide the following services.

11. Prepare and mail the 30-day Cash Collection letters to each of the property owners within the district.
12. Obtain signatures and record the Notice of Assessment and Assessment Diagram at the County.
13. Provide information tables for the bond financing documents including top owners, value-to-lien range summaries, development status and others as requested by the financing team.
14. Review and provide comments to the information regarding the properties and their assessments data that are included in the POS and OS.

Optional Property Owner Meeting Services

Due to the diversity and number of property owners proposed to be part of the districts, we can assist with the preparation of and participation in property owner meetings/workshops related to the formation of the district. This would include a power point presentation and other handouts that may be beneficial to the property owners understanding of the project and the process.

Optional Administration Services

While not specifically requested in the RFP, K&G Public Finance does provide comprehensive annual administration services and will be happy to provide a proposal upon request.

3. Firm Description and Qualifications

Koppel & Gruber Public Finance (K&G Public Finance), a California Corporation, specializes in financial consulting to public agencies throughout California. K&G Public Finance is located in San Marcos, California. The founding partners of the firm, Lyn Gruber and Scott Koppel have 32 years of combined experience in public finance consulting. Their expertise includes special district formation (Community Facilities Districts (CFD), Landscaping and Lighting Districts, and 1913 Act Assessment Districts), special district administration, feasibility studies and municipal disclosure. Our staff includes:

Lyn Gruber, Principal, specializing in CFD formations, special projects, and Proposition 218 compliance. Lyn has formed numerous Mello-Roos Community Facilities Districts and maintenance assessment districts, including landscape and lighting, benefit assessments, and CFDs that provide for police and fire services;

Scott Koppel, Principal, specializing in the formation of 1913/1915 bonded assessment districts, refinancing of outstanding bond issues including the Marks Roos pooled structures and most recently in CFD formations. Scott's expertise and knowledge of Proposition 218 has led to the successful formation of many maintenance districts including landscaping and lighting districts and benefit assessments; and

Douglas A. Floyd, Senior Associate, has two plus years experience in public finance primarily providing consulting services for school districts. Douglas has assisted in the formation of several Mello-Roos Community Facilities Districts as well as the preparation of bond issues to finance school and other non-school facilities.

K&G Public Finance's philosophy is to provide personal service with professional expertise to all of our clients. We understand that time is an agencies most precious resource and that this important project is only one of the many issues the City staff is focused on. Based on our experience, the most successful formations have common characteristics: a high level of communication, quick turn-around and a team approach among all parties, including the developer and the financing team. With this in mind, one of the benefits of a firm of our size is that team members will have direct access to the partners of the firm involved in the CFD formation. The partners understand the importance of this project to the City of El Paso de Robles (the City) and will be able to respond quickly to issues as they arise, leading to a successful formation.

In addition to formation services, K&G Public Finance is committed to providing high quality ongoing administration services with a personal touch, including regular reporting and continuing disclosure to agencies. Keeping the City's long term needs in mind at the time of formation is important. After the CFD is established and most of the team has left the table, it is critical that the City has a CFD that is easy to understand and efficient to administer. To that end, we endeavor to craft clear documentation based upon the needs of the City today and throughout the life of the CFD.

Experience

In the past 18 months we have acted as the special tax consultant on the formation of over twenty (20) CFDs for agencies throughout the State. More information on these projects will be furnished upon request.

4. Compensation

K&G Public Finance will bill on a monthly basis based on hours performed on the project, not to exceed the following based on the type of district that is formed:

Community Facilities District Formation	\$19,200
Assessment District Formation	\$24,800
Optional Property Owner Meeting(s)	\$1,150 per meeting

Our fee is not contingent upon the sale of bonds.

Expenses

In addition to fees for services, K&G Public Finance shall be reimbursed for direct expenses, including travel, photocopying, data sources, courier services, and overnight delivery.

Additional Work

If authorized by the City, K&G Public Finance will provide additional services not included in the above scope of services at the hourly rates set forth in the table below unless otherwise agreed upon between the City and K&G Public Finance.

Hourly Rates

Below are our hourly rates that K&G Public Finance will provide for the City of El Paso de Robles.

Title	Rate
Principal	\$150
Senior Associate	105
Associate	85
Production/Administration	60

To: Assessment Engineer/Special Tax Consultant

Date: September 30, 2005

From: G. Craig Hill

RE: City of El Paso de Robles
Formation of a Community Facilities District or Assessment District
Request for Qualifications for Special Tax Consultant or Assessment Engineer

The City of El Paso de Robles (the "City") is interested in the formation of a community facilities district (the "CFD") or assessment district (the "AD") for a specific set of properties located adjacent to State Highway 101 and 46. The properties that are being considered are mainly commercial and would benefit from improvements being proposed to the interchanges.

We have provided some background information for your review. Please provide us with a **short scope of services** and fee schedule for the proposed CFD or AD.

If you have any questions, please feel free to contact us. We would like to get responses back within the next week if possible. If you need more time, please let us know.

**101/46 WEST
FORMATION OF AN ASSESSMENT DISTRICT**

August 2005

PROJECT DESCRIPTION

Background

US Route 101 is the major south-north corridor in San Luis Obispo County. State Route (SR) 46 is the major east/west expressway serving San Luis Obispo County regional traffic. SR 46 has a route break at US Route 101 with the westerly segment of SR 46 (SR 46 W) intersecting US Route 101 at approximate SR 46 W KP 35.2 (US 101 KP 87.1) and then the easterly segment of SR 46 (SR 46 E) intersecting US Route 101 at approximate US 101 KP 93.2. US Route 101 crosses over SR 46 West at the southerly limits of the City of El Paso de Robles. The tight diamond interchange at the juncture of US 101 and 46 West was originally designed and constructed by the State in 1966 with the ramp intersections spaced at roughly 260 feet apart and the adjacent frontage roads less than 30 feet from the US Route 101 ramp intersections with State Route 46 West. The lack of separation between the ramp termini intersections and the frontage roads limits the amount of left turn and through movement storage and increases the potential for accidents. In addition, the current configuration of the interchange does not meet the current Caltrans Design Standards. The interchange includes signalized intersections of the US Route 101 ramps Theater/Vine Street parallels US Route 101 to the west. Ramada Drive parallels US Route 101 to the east.

The need to improve/upgrade the interchange was identified by the California Department of Transportation (Caltrans), the County of San Luis Obispo (County), and San Luis Obispo Council of Governments (SLOCOG) and the City of El Paso de Robles (City) in 1997. At that time, the City, County and SLOCOG entered into a Cooperative Agreement to share the responsibility in improving the interchange as the surrounding area develops.

This interchange plays a vital role for tourist and commercial traffic to and from the coastal areas and is on the main coastal regional route between southern and northern California. It also serves regional traffic accessing the retail and industrial facilities surrounding the interchange. Development of these retail and industrial areas will create a greater demand for improvement of the interchange.

Population Growth and Traffic Projections

The population within the City of El Paso de Robles and its Sphere of Influence has been analyzed as part of the City's Land Use and Circulation Elements of the 2003 General Plan. Anticipated regional, County, and City growth in areas east of US Route 101, and areas west and south of US Route 101 at the interchange, will result in additional traffic demand and unacceptable Level of Service (LOS) at the US Route 101 ramp and frontage road intersections with State Route 46 West.

Traffic within the study area will experience a significant increase in congestion and delay by the year 2028 without implementation of interchange and intersection improvements. These reductions in levels of service will severely reduce mobility around this US Route to State Route Connection.

Proposed Project and Cost Estimates

In April 2005, a Project Study Report (PSR) was approved by Caltrans. The purpose of the PSR was to identify alternatives to improve safety and reduce congestion in and around the US Route 101/46 West Interchange consistent with local and regional plans, which would be accomplished by the following:

- Improve the southbound and northbound US Route 101 ramp intersections with State Route 46 West to meet Caltrans minimum Level of Service.
- Improve the frontage road intersections with State Route 46 West to meet the City of El Paso de Robles minimum Level of Service.
- Reduce interregional and regional congestion through the US Route 101/State Route 46 West interchange.
- Further the goals of the General Plans for the City of El Paso de Robles and the County of San Luis Obispo, and with the SLOCOG Regional Transportation Plan.
- Resolve the storage capacity need at the interchange.

The PSR developed several alternatives that meet Caltrans design standards for implementation. In order to arrive at the final design, the next phase of the project is to prepare a Project Approval and Environmental Document (PAED). It will be at this phase that public input will be solicited and a final alternative will be selected for design and construction.

The range of costs anticipated for the five alternatives developed are as follows.

	Range of Capital Costs (Millions)	Range of Right-of-Way Costs (Millions)	Range of Design and Construction Engineering Costs (Millions)	Project Totals (Millions)
No Build	-0-	-0-	-0-	-0-
Dual Roundabouts	\$22 to \$24	\$3 to 5	\$10 to \$12	\$35 to \$41
Spread Diamond	\$38 to \$42	\$16 to \$18	\$22 to \$25	\$76 to \$85
Spread Diamond and Roundabout (east side)	\$24 to \$27	\$6 to \$8	\$12 to \$15	\$42 to \$50
Minimum Build (no Charolais connection)	\$21 to \$24	\$3 to \$5	\$10 to \$12	\$34 to \$41

Project Timeline (Tentative)

Complete PAED December 2007
 * Complete Design June 2009
 * Complete Construction 2012/2013

* *Note:* Subject to funding availability



October 25, 2006

Mr. G. Craig Hill
Northcross, Hill & Ach
999 Fifth Avenue, Suite 560
San Rafael, CA 94901

ADDENDUM TO OCTOBER 7, 2005 PROPOSAL FOR SPECIAL TAX CONSULTING SERVICES FOR THE FORMATION OF A COMMUNITY FACILITIES DISTRICT, CITY OF EL PASO DE ROBLES

Dear Mr. Hill:

This letter is in response to our recent telephone conversation regarding the formation of the Community Facilities District (CFD) in the City of El Paso de Robles (City) for the US Route 101 and the State Route 46 Interchange Improvements. We have reviewed our proposal and the additional information that you provided and we are very interested in assisting the City and finance team with this important project. Based on the additional needs of the City we propose to revise our proposal to include three additional scope items. We are committed to starting on the project effective immediately and will dedicate the staff and time required to complete the project in a timely manner as directed by the financing team. The attachment provides the addendum to our scope and the revised pricing for this project.

Thank you for providing us the opportunity to express our continued interest on the formation of the CFD. Please feel free to contact me if you have any questions. My telephone numbers are (760) 510-0290 or (760) 586-5377; you may email either Lyn or me at lyn@kgpf.net or scott@kgpf.net.

Sincerely,

A handwritten signature in black ink that reads "Scott Koppel".

Scott Koppel

334 VIA VERA CRUZ, SUITE 256 • SAN MARCOS, CALIFORNIA • 92078
760.510.0290 FAX 760.510.0288

ADDENDUM TO SCOPE OF SERVICES AND COMPENSATION FOR THE FORMATION OF THE CFD

Special Tax Rate Analysis

Assist the City's Financial Advisor in recommending and calculating various rate analyses taking into account the diversity of the properties and the various goals of the property owners proposed to be included in the CFD. This may include the use of Zones or Improvement Areas with differing rates based on criteria such as proximity to the improvements and development status.

Property Owner Meeting/Communication Services

Due to the diversity and number of property owners proposed to be part of the district, we recommend holding a minimum of two meetings to educate property owners on the level of tax, formation requirements and other components of the CFD. We will prepare for and participate in these property owner meetings/workshops related to the formation of the CFD. This would include a power point presentation and other handouts that may be beneficial to the property owners understanding of the project and the process. We will also be available to discuss the project directly with property owners to address their individual concerns and or goals for the CFD.

Process Management

We propose to take an active role in the process management throughout the formation of the CFD. This will include assisting the financial advisor in preparing schedules, keeping the City and the City's financing team informed of goals and objectives, deadlines, and their responsibilities for deliverables as well as actively communicating with property owners throughout the formation process.

Compensation

In addition to the fees provided in our October 7, 2005 proposal K&G Public Finance proposes the following:

Service	Additional Fee
Community Facilities District Formation	\$5,500
Property Owner Meeting(s) in excess of two	\$1,150 per meeting

Our fee is not contingent upon the sale of bonds or the successful formation of the CFD.

The table below provides the total compensation proposed based on the October 7, 2005 proposal and this addendum.

Service	Fee
Community Facilities District Formation	\$24,700
Property Owner Meeting(s) in excess of two	\$1,150 per meeting

The sections of our October 7, 2005 proposal that cover additional work, hourly rates and expenses remain as presented in the original proposal.