

TO: JAMES L. APP, CITY MANAGER  
FROM: RON WHISENAND, COMMUNITY DEVELOPMENT DIRECTOR  
SUBJECT: SUPPLEMENTAL BUDGET REQUEST, CHANDLER RANCH AREA SPECIFIC PLAN  
DATE: APRIL 3, 2007

Needs: For the City Council to consider a supplemental budget request for financial analysis related to the Chandler Ranch Area Specific Plan (CRASP).

Facts:

1. The City has been working with property owners on preparation of a specific plan and related materials for the 827 acre Chandler Ranch Area.
2. The property owner group has advised the City that they would be seeking public financing in the form of a Community Facilities District (CFD) and are in agreement with entering into a Development Agreement with the City.
3. David Taussig & Associates has been the City's financial consultant for establishment of the City's CFD. David Taussig has also provided analysis related to pro forma and other CRASP related financial issues.
4. With the property owners' agreement to CFD financing and entering into a Development Agreement, the City is moving closer to conclusion of the Chandler Ranch Area Specific Plan process.
5. The attached budget supplement for David Taussig & Associates is intended to carry the City through completion of the CRASP process and formation of a CFD to provide public financing for the CRASP property owners. The premise of the proposal is that the CRASP and related analysis will be completed within the next 12 months.

Analysis  
and  
Conclusion:

David Taussig & Associates has been of substantial assistance to the City in establishing the existing CFD and providing financial analysis for the CRASP. This assistance will be needed through the completion of the CRASP.

The attached proposal is based on a "not to exceed" budget of \$55,000, with actual expenses billed on an hourly basis. The budget is intended to be fully inclusive through completion of the CRASP process, based on the premise that the would be

complete within the next twelve months (should the process be extended beyond the next twelve months it may be necessary to consider another budget amendment).

Policy

Reference: General Plan requirement for the Chandler Ranch Area Specific Plan; California Environmental Quality Act

Fiscal

Impact: The proposed budget amendment would increase the amount advanced from the City's General Fund on behalf of the CRASP property owners. Not including this request, the General Fund has advanced \$1,055,400 to date. While it is expected that the General Fund will be reimbursed for all the costs advanced, it will take years before life-to-date and future advances are repaid. The Council previously approved a promissory note formalizing the repayment with accrued interest.

Options:

- a. Authorize the contract Amendment with David Taussig & Associates, based on the attached Scope of Work (Exhibit A"), and adopt Resolution No. 07-xx approving an appropriation of \$55,000 to budget account 232-710-5224-209 for this purpose.
- b. Amend, modify, or reject the foregoing option.

RESOLUTION NO. 07-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
APPROPRIATING FUNDS TO COMPLETE FINANCIAL ANALYSIS AND DOCUMENTATION  
FOR ESTABLISHMENT OF PUBLIC FINANCING FOR  
THE CHANDLER RANCH AREA SPECIFIC PLAN

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WHEREAS, on September 4, 2001, the City Council directed that the City proceed with preparation of a Chandler Ranch Area Specific Plan (CRASP) and related Environmental Impact Report (EIR); and

WHEREAS, based on that direction from the City Council, a consultant services agreement was entered into with David Taussig & Associates to provide financial analysis related to the Chandler Ranch Area Specific Plan; and

WHEREAS, based on the property owners' interest in obtaining public financing for construction of infrastructure, the need for financial analysis and related work to establish documentation for a Community Facilities District is expected to continue through completion of the CRASP; and

WHEREAS, the proposed supplemental financial analysis is beyond the original scope of work envisioned under the existing consultant services contract, and the budget for that additional scope of work would need to be appropriated for that purpose; and

WHEREAS, the proposed budget for the additional financial analysis and preparation of CFD related documentation to be prepared by David Taussig & Associates would be a not to exceed budget of \$55,000 for the next twelve month period; and

WHEREAS, the cost of preparing this supplemental analysis for the Chandler Ranch Area Specific Plan would be an advance to be repaid from specific plan fees that would be paid, with interest, by benefiting property owners at the time of development and would be documented by a promissory note; and

WHEREAS, the expenditure of City funds, will impact the Department's operating budget making it necessary that the City Council approve a one time budget appropriation for this purpose.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles, based on the attached "Exhibit A", that a one time appropriation in the amount of \$55,000 from Chandler Ranch Specific Plan Fund to budget account 232-710-5224-209 is hereby approved.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 3<sup>rd</sup> day of April 2007 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Deborah Robinson, Deputy City Clerk

**EXHIBIT A****CITY OF EL PASO DE ROBLES  
ADDITIONAL PUBLIC FINANCE CONSULTING SERVICES****Scope of Work**

David Taussig and Associates, Inc. ("DTA") shall provide additional public financing consulting services to assist the City of El Paso De Robles ("City") and Chandler Ranch Area Specific Plan (the "CRASP") property owners in analyzing the availability of public financing to fund public improvements necessary for the development of the CRASP. DTA will assist the parties in developing a financing strategy that will ensure that the goals, objectives, and policies of the City are properly implemented and that the following general objectives are addressed:

- CRASP backbone public improvements, including schools, are adequately financed and provided in a timely manner;
- Public financing is equitable, financially feasible, efficiently utilized and consistent with City guidelines and accepted public policy, and meets all relevant nexus and benefit criteria;
- Public services to be provided by the City to CRASP are adequately funded
- Public financing mechanisms avoid creating a financial and administrative burden to the City.

DTA shall perform the tasks listed below:

**Task 1. Background Research**

Review available planning, engineering, existing property tax, development absorption, project sales prices and financial information regarding the CRASP, as provided by the City, the CRASP property owners, and/or Paso Robles Unified School District ("PRUSD"). The capital costs required for the development of the property within the CRASP shall be provided by these same parties.

Other than property tax data, all of the above information shall be provided by City, the CRASP property owners, PRUSD and/or their consultants. DTA shall base its analysis on data received from these sources, and shall not conduct any independent research to verify the accuracy of such data.

**Task 2. Prepare a Quantified Analysis of Costs Supportable by a Community Facilities District**

As requested by the City, prepare a quantitative analyses of the magnitude of costs that could be supported through one or more Community Facilities Districts ("CFDs") or

Improvement Areas to pay for acquisition or construction of public improvements, as well as the provision of public services by the City. This task shall include valuation of debt service coverage factors and projected value to lien ratios (if provided by City and/or its consultants, as discussed below) to determine supportable levels of bond debt based on tax and assessment parameters agreed to by the City. The quantitative analyses shall evaluate all properties in the CRASP, and shall include both (i) the potential proceeds to finance capital costs and (ii) the financing burdens that would be placed on property owners or service users for the financing mechanisms selected. The potential proceeds analysis shall consider the funds available with each year of construction.

DTA shall determine timing of bond issues based on overall value to lien ratios in the CRASP only if provided estimated or appraised value over time by the City and/or its consultants. DTA shall not conduct an appraisal nor obtain an independent appraisal of the properties within the CRASP. If no estimate of appraised value is provided, DTA's bonding capacity analysis shall be limited to a test of sufficient special tax coverage ratios.

**Task 3. Identify Funding Alternatives for Capital Costs**

As requested by City, analyze public finance alternatives to fund the public improvement capital costs. This list shall include:

- **Special Assessment Districts** – A more restrictive type of land-secured financing that can be used for public improvements that directly benefit those properties which are assessed to pay for the improvements
- **Infrastructure Financing Districts** – A district which allows the use of tax increment financing for infrastructure, without a requirement that the area be predominantly urban and blighted, as is required for redevelopment areas
- **Water and Sewer Revenue Bonds** – A bond program supported through revenues generated by user charges on water and sewer utility bills
- **Other Financing Mechanisms**

Infrastructure financing supported by dedicated revenues such as a fee program with reimbursements and credits intended to promote the timely development of infrastructure.

**Task 4      Attend Meetings**

Attend meetings as requested by City staff.

**Task 5.      Additional Tasks**

Provide additional assistance to the City in developing and implementing a strategy to fund improvements and services for the CRASP. This could include the following tasks:

- Preparation of a written CRASP public improvements and services financing strategy
- Allocation of infrastructure costs by benefit levels to each of the eight property owners within CRASP
- Assistance to City in negotiating Funding and Acquisition Agreements and Development Agreements with CRASP property owners

**EXHIBIT B**

**CITY OF EL PASO DE ROBLES  
AUGMENTED PUBLIC FINANCE CONSULTING SERVICES**

**Fee Schedule**

DTA shall be remunerated for services on an hourly basis according to the hourly rates set forth in Table 1 below, with invoices being submitted to City on a monthly basis. DTA shall perform some or all of Tasks 1-4 under the scope of work for total fees not to exceed \$50,000 (plus out-of-pocket expenses not to exceed \$5,000). If additional work is required at that point, DTA shall request augmentation of budget by City, so that DTA can continue working on the Project.

**Table 1  
Hourly Rates**

President	-	\$250/Hour
Senior Vice President	-	\$230/Hour
Vice President	-	\$215/Hour
Senior Manager	-	\$200/Hour
Manager	-	\$190/Hour
Senior Associate	-	\$170/Hour
Associate	-	\$155/Hour
Senior Analyst	-	\$140/Hour
Analyst	-	\$120/Hour
Research Assistant	-	\$100/Hour

The above hourly rates apply for a 12-month period from execution of an agreement and are subject to a cost-of-living and/or other appropriate increase every 12 months thereafter. We generally review our fee structure and hourly rates annually and, if appropriate, adjust them to reflect increases in seniority, experience, cost-of-living, and other relevant factors. Consultant shall notify City in advance of any such increase. On or about the first two weeks of each month during which public finance consulting services are rendered hereunder, DTA shall present to City an invoice covering the current consulting services performed and the reimbursable expenses incurred pursuant to the agreement and exhibits thereto. Such invoices shall be paid by City within thirty (30) days of the date of each invoice. A 1.2% charge may be imposed against accounts which are not paid within 30 days of the date of each invoice.

**Limitations**

This \$50,000 budget is intended to pay all of the labor necessary to reach the point where the City and one or more CRASP property owners agree to initiate formation of a Community Facilities District or other public financing program. At that point, DTA shall submit a new consulting services proposal to cover the costs of public district formation and bond issuance (if appropriate). Notwithstanding the above, this fee schedule shall be valid for a 12-month period ending March 15, 2008. If the tasks covered within this Scope of Work have not been completed by that date, DTA shall be given the opportunity to re-evaluate the hourly rates and the maximum fees included within this Fee Schedule and amend them if necessary to enable DTA to complete the tasks listed.

