

AGENDA BILL

**12**

No. \_\_\_\_\_

Meeting Date: 1/9/18

**SUBJECT: FINANCIAL ADVISOR SERVICES FOR POTENTIAL BALLOT MEASURE**

**SUMMARY OF THE MATTER:**

On December 5, 2017, the City Council directed the City Manager to pursue the development of a General Obligation Bond ballot measure for undergrounding of the City’s key evacuation routes and a Community Facilities District (CFD) ballot measure to undergrounding the neighborhoods that are still served with overhead utilities, and conduct a community survey related to the potential ballot measure.

Part of that process included selecting a financial advisor to provide expertise on the overall financing plan and act as the City’s representative when developing and structuring the debt during the bond issuance process. These financial advisory services would consist of pre-election and, dependent upon the outcome of the potential November 2018 ballot measures, post-election services. The pre-election services include assistance in preparation and distribution of a Request for Proposal (“RFP’s”) for Bond Counsel, Disclosure Counsel, and Bond Underwriter; General Obligation Bond and Community Facilities District (“CFD”) community survey support; assistance in the preparing ballot language; and providing assistance to City and its other Consultants related to the formation of a City-wide CFD. Post-election services would include primary responsibility for assisting the City in coordinating the planning and execution of each debt issue relating to the utility undergrounding projects.

For the pre-election services, staff is recommending awarding a contract to Fieldman, Rolapp & Associates (Fieldman Rolapp). Fieldman Rolapp has extensive experience in district formation and bond financings, and financing district formations throughout the State of California. The firm has also provided financial advisory services to the City of Laguna Beach regarding assessment district for the past 30 years. The firm is well qualified, experienced, and continues to provide exceptional service at reasonable costs. Also, similar services were subject to a competitive selection process in 2015 by the City when the City Council awarded a contract to Fieldman Rolapp to provide financial advisory services for five proposed undergrounding utility assessment district projects.

The cost for the pre-election services is not expected to exceed \$30,000 and includes \$25,000 for the services and \$5,000 for possible unforeseen circumstances. Staff is recommending using available funding from the Street Lighting Fund for these services.

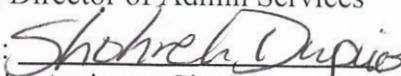
**RECOMMENDATION:** It is recommended that the City Council authorize the City Manager to enter into a consulting agreement with Fieldman, Rolapp & Associates in the amount of \$30,000 to provide pre-election Financial Advisor Services proposal and appropriate \$30,000 from the Street Lighting Fund for these efforts.

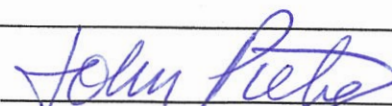
Appropriations Requested: \$30,000

Fund: Street Lighting Fund

Attachments: Scope of Services

Submitted by:   
Gavin Curran, Director of Admin Services

Coordinated with:   
Shohreh Dupuis, Assistant City Manager/  
Director of Public Works

Approved:   
City Manager

If the electorate supports a future bond issuance, staff will likely recommend that Fieldman Rolapp continues with the post-election services. The cost for the post-election services would be \$52,500 for each bond transaction size of \$1 to \$150 million and \$59,500 for each bond transaction size over \$150 million. Also, because this contract is dependent upon voter approval of a November 2018, ballot measure, staff will return to the City Council in November to take formal action on this agreement. Therefore, there is no City Council action requested for the post-election services at this time.

**SCOPE OF SERVICES  
PROFESSIONAL SERVICES AGREEMENT FOR  
FINANCIAL ADVISOR PRE-ELECTION SERVICES  
BY AND BETWEEN  
THE CITY OF LAGUNA BEACH  
AND  
FIELDMAN, ROLAPP & ASSOCIATES**

*Scope of Services*

**A. General Services.**

The Consultant shall perform all the duties and services set forth herein and shall provide such other services as it deems necessary or advisable, or are reasonable and necessary to accomplish the intent of this Agreement in a manner consistent with the standards and practice of professional financial advisors prevailing at the time such services are rendered to the City.

The City may, with the concurrence of Consultant, expand this Agreement to include additional Services not specifically identified within the terms of this Agreement. Any additional Services may be described in an addendum to this Exhibit A and are subject to compensation described in Exhibit A, Section C of this Agreement.

**B. Pre-Election Services.**

1. Prepare and distribute Request for Qualifications (“RFQ’s”) for Bond Counsel, Disclosure Counsel and Bond Underwriter – Consultant at the request of the City shall prepare, distribute and evaluate RFQ’s for Bond Counsel, Disclosure and Bond Underwriter. Consultant shall prepare a scoring matrix to evaluate proposals and make a recommendation of firms to be hired by the City.
2. Calculate the Tax Rates and Maximum Authorization - Consultant shall calculate the amount of debt that can be supported by the tax rates for the range of possible amount tested in the poll and any other tax rates the City would like to consider.
3. GO Bond Survey Support - Consultant shall assist the City with development of the survey and analyze the survey results.
4. GO Bond Strategy - Consultant shall assist in the GO Bond Strategy and provide support to both the City and Election Consultant.
5. Recommend GO Bond Structure which includes analysis of Assessed Value - Consultant shall recommend a GO Bond structure that is consistent with sound municipal finance practices. Consultant shall review historical Assessed Value trends and make recommendations for conservative projections for future growth. A structure will be recommended based both on the City’s need for funds and for achieving the lowest possible borrowing cost.

6. Prepare Ballot Language - Consultant shall assist the City, Bond Counsel and Election Consultant in preparing the ballot language.
7. Preparation of Tax Rate Statement - Consultant shall prepare the Tax Rate Statement and seek input from the City, Bond Counsel and Election Consultant.
8. Endorsement Material for Orange County Taxpayers' Association - Consultant shall assist the City and Election Consultant in the preparation of material to assist in receiving the endorsement of the Orange County Taxpayers' Association and host any necessary meetings.
9. Monitor the Election and Transaction Process - Consultant shall have primary responsibility for the successful implementation of the financing strategy and timetable that is adopted for each debt issue. The Consultant shall coordinate (and assist, where appropriate) in the preparation of the legal and disclosure documents and shall monitor the progress of all activities leading to the sale of debt. The Consultant shall prepare the timetables and work schedules necessary to achieve this end in a timely, efficient and cost-effective manner and will coordinate and monitor the activities of all parties engaged in the financing transaction.
10. Provide assistance to City and its other Consultants related to the formation of a City-wide Community Facilities District ("CFD") – As directed by the City, assist in preparing debt sizing(s) related to the formation of a City-wide CFD to be formed to help fund utility undergrounding projects.

**C. Hourly Compensation**

For Services and Additional Services referenced in Exhibit A, Scope of Services of this Agreement, including Services performed prior to the adoption by City Council of the Resolution of Election, the Consultant will be compensated at the then current hourly rates. **The table below reflects the rates in effect as of the date of execution of this Agreement. Hourly compensation shall be capped at \$25,000 unless the amount is mutually agreed to be increased due to an expanded scope of services.**

<u>Personnel</u>	<u>Hourly Rate</u>
Principal .....	\$320.00
Senior Vice President.....	\$275.00
Vice President .....	\$255.00
Assistant Vice President .....	\$215.00
Senior Associate.....	\$180.00
Associate .....	\$160.00
Analyst .....	\$100.00
Administrative Assistant.....	\$45.00
Clerical .....	\$45.00

## **Expenses**

All verifiable out of pocket expenses shall be billed with a not-to-exceed amount of \$4,500 per transaction. Reimbursable expenses include overnight mail, conference calls, copying and printing/postage.

## **Limiting Terms and Conditions**

The above compensation is based on completion of work orders within 10 months of the City's authorization to proceed, and assumes that the City will provide all necessary information in a timely manner.

The fee shown above in Part 1 presumes attendance at up to unlimited number meetings in the City's offices or such other location within a 25-mile radius of the City place of business as the City may designate. Preparation for, and attendance at City Board meetings on any basis other than "by appointment" may be charged at our normal hourly rates as shown in Part 2, above.

## **Abandonment**

If, once commenced, the services of the Consultant are terminated prior to completion of our final report for any reason, the Consultant will be compensated for professional services and reimbursed for expenses incurred through the time of receive notification of such termination at the standard hourly rates shown above.