



CITY OF MENIFEE

SUBJECT: Agreements with Spicer Consulting Group and Stradling Yocca Carlson & Rauth for Bonded Community Facilities Districts Formation and Consulting Services for Fiscal Years 2023/2024 and 2024/2025

MEETING DATE: July 19, 2023

TO: Mayor and City Council

PREPARED BY: Lauri Lockwood, Financial Analyst

REVIEWED BY: Margarita Cornejo, Acting Chief Financial Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve and authorize the City Manager to execute a Professional Services Agreement with Spicer Consulting Group in the not-to-exceed amount of \$250,000 per year for Fiscal Year 2023/2024 and Fiscal Year 2024/2025 for Bonded Community Facilities District Formation Services and Bond Issuance Services; and
2. Approve and authorize the City Manager to execute a Professional Services Agreement with Stradling Yocca Carlson & Rauth in the not-to-exceed amount of \$210,000 per year for Fiscal Year 2023/2024 and Fiscal Year 2024/2025 for Bonded Community Facilities District Bond Counsel Services.

DISCUSSION

Since fall 2019, the City has been working with several developers interested in financing necessary infrastructure improvements through the establishment of Community Facilities Districts (CFD). New public infrastructure that directly benefits properties within the boundaries of each district can be financed through the issuance of CFD debt in the form of municipal bonds.

After a competitive Request for Proposal (RFP) process initiated in Fiscal Year (FY) 2021/2022, City Council awarded Professional Services agreements (PSAs) for FY 2022/2023 to Spicer Consulting Group for special tax consultation (formation and bond sale services), and Stradling Yocca Carlson & Rauth for advisory counsel services (formation and bond sale counsel services). Both firms have extensive experience providing the respective services to municipalities.

The agreement term stated in the RFP was for one year, with an option to extend both PSAs through FY 2026/2027. The original PSAs, authorized by the City Council on September 21, 2022, also allowed for extensions through FY 2026/2027, if authorized by a written amendment. As a result of the Council's adoption of the biennial budget (FYs 2023/2024 & 2024/2025), it is requested that City Council authorize two-year agreements with both consultants.

Costs associated with these services, as well as any applicable administrative expenses, are fully recoverable with no impact to the General Fund. Formation costs will be paid upfront as deposits from the respective developers of each proposed CFD formation. Bond issuance costs, such as the financial advisory services, formation services and legal services, will be recovered from the bond proceeds.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The fiscal impact of the two proposed agreements is \$460,000 for each of the two fiscal years, with offsetting deposits from developers. Therefore, there is no fiscal impact to the City's General Fund. Costs associated with these services, as well as any applicable administrative expenses, are fully recoverable. Formation costs would be paid upfront from deposits made by the developer proposing the CFD formation. Bond issuance costs, such as for legal services, would be recovered from the bond proceeds.

Expenditures related to the two proposed PSAs are budgeted within available funds included in the adopted FYs 2023/2024 and 2024/2025 Budget, specifically within Account No. 100-4220-52825 (Professional Services – Recoverable). No additional budget appropriation is required.

ATTACHMENTS

1. Agreement – Spicer Consulting Group
2. Agreement – Stradling, Yocca, Carlson & Rauth