

**City Manager's Report****May 28, 2019, City Council Meeting****Prepared by: Dave Warren, Assistant City Manager/Director of Finance****Item #: 8.7**

Subject: Adopt a resolution approving addendum No. 1 which extends the term of the existing professional services agreement with Government Financial Strategies, Inc. to perform financial advisor services for the City through June 30, 2024 and authorizing the Assistant City Manager/Director of Finance to execute the same.

Purpose:

To ensure uninterrupted financial advisor services necessary to complete the existing energy efficiency capital projects that require financing and assist with the administration of existing debt issues.

Background:

At its meeting held on September 8, 2015, the City Council approved a professional services agreement with Government Financial Strategies, Inc. (GFS) to perform financial advisor services for the City. The agreement with GFS will expire effective June 30, 2019 unless it's renewed. Tonight, staff recommends the City Council approve addendum No. 1 with GFS to extend the term of the professional services agreement through June 30, 2024.

Discussion:

At its meeting held on December 8, 2015, the City Council approved an initial scope of work in the amount of \$57,250 for GFS to analyze the issuance of refunding revenue bonds for the 2006 Wastewater Revenue Bonds and another scope of work in the amount of \$23,000 for GFS to analyze the financial feasibility of the energy and water savings projects developed by Johnson Controls, Inc. (JCI). In analyzing the various energy and water savings projects developed by JCI, GFS evaluated four financing instruments including California Energy Commission (CEC) loan program, capital leases, Certificates of Participation (COP), and the Clean Water State Revolving Fund (CWSRF) loan program and developed numerous financing scenarios which exceeded the initial \$23,000 scope of work. In order to finish its analysis of JCI's energy and water savings projects, the City Council approved an addendum to the original scope of work for a not to exceed amount of \$14,731.25 at its meeting held on November 14, 2017.

In addition to analyzing the JCI's energy and water savings projects and evaluating the potential refunding of the 2006 Wastewater Revenue Bonds, GFS also assists the City with disseminating its annual disclosure reports for the 2006 Wastewater Revenue Bonds. Staff is not recommending any changes to the scope of work with GFS at this time.

Options:

1. Adopt the resolution approving addendum to the No. 1 to the professional services agreement with GFS.
2. Direct staff to negotiate a new agreement with GFS.

Cost:

Generally, the agreement with GFS is on a time and materials basis, and the hourly rate will remain \$225, which is relatively modest for this type of service. The cost of the scope of work for financial advisory services related to the issuance of refunding revenue bonds for the 2006 Wastewater Revenue Bonds is a fixed amount of \$56,250 plus \$1,000 for expenses totaling \$57,250. The scope of work for analyzing the financial feasibility of the energy and water savings projects being developed by JCI is on a time and materials basis with a total estimated cost of \$37,731.25. The annual cost for GFS to disseminate the annual disclosure reports for the 2006 Wastewater Revenue Bonds is approximately \$750.

Budget Impact:

At its meeting held on December 8, 2015, the City Council appropriated \$23,000 for the original scope of work for GFS to analyze the financial feasibility of the energy and water savings projects developed by JCI. The City Council approved \$14,731 in additional budget appropriations to cover the cost of the addendum to the original scope of work for GFS to analyze the financial feasibility of the energy and water savings projects developed by JCI at its meeting held on November 14, 2017. The scope of work for financial advisory services related to the issuance of refunding revenue bonds for the 2006 Wastewater Revenue Bonds in the amount of \$57,250 will be included in the refinancing and reimbursed from the refinancing proceeds. The \$750 cost for GFS to disseminate the annual disclosure reports for the 2006 Wastewater Revenue Bonds is included in the adopted Fiscal Year 2018/2019 Operating Budget.

Recommendation:

Adopt a resolution approving addendum No. 1 which extends the term of the existing professional services agreement with Government Financial Strategies, Inc. to perform financial advisor services for the City through June 30, 2024 and authorizing the Assistant City Manager/Director of Finance to execute the same.



M. Cleve Morris, City Manager



**Dave Warren, Assistant City Manager/
Director Finance**