

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

April 6, 2021

FROM

BRENDON BIGGS, Director, Department of Public Works – Special Districts

SUBJECT

Bond Issuance for Assessment District 2018-1, Snowdrop Road Project

RECOMMENDATION(S)

1. Adopt **Resolution No. 2021-43** authorizing the issuance of Assessment District No. 2018-1 (Snowdrop Road) bonds in an aggregate principal amount not to exceed \$5,629,026 to fund the Snowdrop Road Project
2. Approve the following service agreements pertaining to the completion of bond sale and issuance of bonds for Assessment District No. 2018-1 (Snowdrop Road):
 - a. Fieldman, Rolapp & Associates, Inc. in the amount of \$64,000 for financial advisory services.
Agreement No. 21-258
 - b. Webb Municipal Finance in the amount of \$17,640 for assessment engineering services.
Agreement No. 21-259
 - c. Stradling, Yocca, Carlson & Rauth in the amount of \$50,000 for bond counsel services.
Agreement No. 21-260

(Presenter: Brendon Biggs, Director, 386-8811)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The Snowdrop Road Project (Project), which has an estimated cost of \$6,049,270, will be funded through bond proceeds (\$5,629,026) issued by Assessment District 2018-1 (AD 2018-1) and special assessment taxes (\$420,244) previously prepaid by property owners of parcels within AD 2018-1. The bond counsel, financial advisor, and assessment engineering services totaling \$131,640 are part of the Project's \$6,049,270 estimated cost.

AD 2018-1 provides a funding mechanism for Project construction and long-term road maintenance costs. The property owners within AD 2018-1 approved two special assessments – a one-time assessment for the Project (Improvement Assessment) and an ongoing assessment for maintenance of the road improvements (Maintenance Assessment). Future bond debt service payments and road maintenance costs will be funded through property owner-approved special assessments levied annually on parcels within AD 2018-1 that will be collected through the tax roll beginning in 2021-22.

Appropriation for the Project is included in the 2020-21 Capital Improvement Program (CIP) budget and will be included in the 2021-22 recommended budget.

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BACKGROUND INFORMATION

On January 9, 2018 (Item No. 35), the Board of Supervisors (Board) adopted Resolution No. 2018-3 to initiate proceedings on formation of AD 2018-1 and the issuance of bonds for Project construction and ongoing maintenance. At that time, the Board also adopted Resolution No. 2018-4 approving the Preliminary Engineer's Report that included the rates and methods of apportionment for proposed assessments levied, subject to an election, on parcels within AD 2018-1. On March 13, 2018 (Item No. 65), the Board adopted Resolution 2018-20 approving formation of AD 2018-1 with the related special assessment taxes based on the results of the election.

The Project entails approximately 2.1 miles of paved road and drainage improvements to a residential area in an unincorporated area north of the City of Rancho Cucamonga (City). Specifically, the improvements extend from Archibald Avenue north and eastward along Snowdrop Road and Santina Drive, connecting to Haven Avenue and south to the northern terminus of the City.

On January 5, 2021 (Item No. 27), the Board authorized the Department of Public Works-Special Districts (Department) to advertise the Project for bidding. On April 20, 2021, the Department intends to submit a recommendation to the Board for award of the Project's construction contract. When completed, the Project will contribute to the safety of residents by establishing adequate access roads and storm water conveyance infrastructure within the area of Snowdrop Road.

The Department is requesting that the Board approve the Series 2021A bond issuance for AD 2018-1. The bond proceeds will be used to fund costs associated with AD 2018-1 formation proceedings, Project construction, and bond issuance costs. In order to approve the bond financing, the purchaser of the bonds (Western Alliance Business Trust) required two parcels (Assessor's Parcel Numbers 0201-043-2800 and 0201-043-0400) be omitted as a condition of its purchase of the first series of bonds (Series 2021A Bonds). Specifically, one parcel (Assessor's Parcel Number 0201-043-2800; also referred to as Assessment Number 44) has an improvement assessment of \$571,880.71 and the owner of the parcel is in bankruptcy proceedings. The second parcel (Assessor's Parcel Number 0201-043-0400; also referred to as Assessment Number 29) is a well site and has an improvement assessment of \$20,106.30 and the lowest value-to-lien ratio. These conditions are unfavorable to the purchaser. The parcels are removed from the Series 2021A bond issuance but not removed from the Assessment District. The County has the option to issue a second series of bonds for one or both of the remaining parcels at a later date.

The estimated project cost of \$6,049,270 will be funded through the Series 2021A bond (\$5,629,026) plus special assessment taxes (\$420,244) previously prepaid by property owners. The margin of project cost to available funding is thin. Should project costs exceed available sources due to unforeseen circumstances, the Department will seek additional funding which includes Series B bonding and/or returning to the residents of AD 2018-1 with a recommendation for additional assessment.

Board approval of this item will allow the Project's bond issuance process to commence, with April 15, 2021 as the targeted closing date.

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PROCUREMENT

During the multi-year process for formation of AD 2018-1, the Department utilized the following finance team as needed: Stradling, Yocca, Carlson & Rauth (outside legal counsel); Fieldman, Rolapp & Associates, Inc. (financial advisor); and Webb Municipal Finance (assessment engineer consultant). Because of their distinct history and familiarity with AD 2018-1, the Department recommends that this same finance team be used for the AD 2018-1 bond issuance in order to maximize value of the service contracts and to expedite the process.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn Martin, Deputy County Counsel, 387-5455) on March 17, 2021; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on March 18, 2021; Finance (Tom Forster, Administrative Analyst, 387-4635) on March 18, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on March 23, 2021

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Record of Action of the Board of Supervisors
County of San Bernardino

Public Comment: None

APPROVED

Moved: Janice Rutherford Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: April 6, 2021



cc: PW/SDD – Yousif w/ agrees
Contractor c/o PW/SDD w/ agree
File – w/ agrees
File – Public Works/Special Districts w/ attachments
JLL 04/7/2021