

City of Sacramento

Legislation Details (With Text)

File #: 2019-00614 **Version:** 1 **Name:**
Type: Consent Item **Status:** Agenda Ready
File created: 4/17/2019 **In control:** City Council - 2PM
On agenda: 11/12/2019 **Final action:**
Title: Four Professional-Services Agreements for Appraisal and Appraisal-Review Services
Sponsors:
Indexes:
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
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Title:
Four Professional-Services Agreements for Appraisal and Appraisal-Review Services

File ID: 2019-00614

Location: Citywide

Recommendation:

Pass a Motion authorizing the City Treasurer to enter into 1) professional-services agreements, each in an amount not to exceed \$250,000, with four firms that will be eligible to perform appraisals and appraisal reviews in connection with land-secured bonds the City issues during fiscal years 2019/20 through 2023/24 (BBG, Inc.; Integra Realty Resources - Sacramento; Kidder Matthews of California, Inc; and Smith and Associates, Inc.); and 2) addenda to the agreements as needed to define the specific scope of services and fees for each appraisal and appraisal review.

Contact: Brian Wong, Debt Manager, (916) 808-5811; Claudia Lara, Treasury Analyst, (916) 808-2267, Office of the City Treasurer

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Professional Service Agreement (BBG, Inc.)
- 3-Professional Service Agreement (Integra Realty Resources - Sacramento)
- 4-Professional Service Agreement (Kidder Matthews of California, Inc.)
- 5-Professional Service Agreement (Smith and Associates, Inc.)

Description/Analysis

Issue Detail: The proposed action will establish a list of pre-qualified firms to provide the City with appraisals and appraisal reviews in connection with the City's issuance of land-secured bonds for a community facilities district (**CFD**) or an assessment district (**AD**) over the next five years.

Policy Considerations: The proposed action is consistent with the Sacramento City Code, chapter 3.64 (Contracts for Professional Services).

Economic Impacts: None.

Environmental Considerations: The proposed action concerns administrative activities that will not have a significant effect on the environment and thus do not constitute a "project" subject to the California Environmental Quality Act. See California Code of Regulations, title 14, sections 15061(b)(3) and 15378(b)(2).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: From time to time, at the behest of a developer, the City forms a CFD or (less often) an AD to issue land-secured bonds that will finance the cost of public infrastructure and the payment of development fees that fund public infrastructure. Before issuing the bonds, the City must assess the viability of the developer's project, which affects the marketability of the bonds. That involves hiring an independent professional appraiser to determine the value of real property and improvements within the CFD or AD. The City then compares the appraiser's valuation to the CFD's or AD's estimated total debt burden.

Financial Considerations: Under the attached professional-services agreements, the City will retain four independent appraisers for up to five years: BBG, Inc.; Integra Realty Resources - Sacramento; Kidder Mathews of California, Inc.; and Smith and Associates, Inc. When an appraisal or appraisal review is needed, the City Treasurer will select one of the firms and sign an addendum to the firm's agreement, specifying the scope of work and fees. Before work on the appraisal or appraisal review begins, the City and the developer of the CFD (or AD) to be appraised will enter into an advance-funding agreement that obligates the developer to pay all associated expenses. As the name suggests, the advance-funding agreement requires the developer to deposit the necessary funds with the City up front and to deposit additional funds as needed. The deposits would be reimbursed to the developer from bond proceeds if bonds are issued.

Local Business Enterprise (LBE): The City Treasurer waived this requirement on April 25, 2019,

because of the limited number of local firms with experience appraising CFDs and ADs.