

RESPONSE TO COUNCIL QUESTIONS RE: 12/15/15 AGENDA

CONSENT CALENDAR:

Item #1.I.

The overall total for the base bid plus additives is lower for Integra Construction than for Redgwick. Why do we select the lowest base bid instead of the lowest overall bid?

Staff Response: The City's practice, consistent with the "default" in State law (Public Contracts Code section 20103.8), is to award construction contracts on the lowest responsive and responsible Base Bid. When bidding with a Base Bid and Additive Alternates, local jurisdictions may award contracts to the lowest overall bidder, but this must be specified in the bid solicitation. The City's bid solicitation documents specify the contracts will be awarded "based solely on the Base Bid." Awarding a contract on the Base Bid only allows the City to retain flexibility to not do the Additive Alternate work if the bid pricing is too high.

PUBLIC HEARING:

Item #3

Prop 218 affects rate setting for our current utilities (water, sewer, waste). Will Prop 218 also affect CCE rates or programs?

Staff Response: No, electricity charges are excluded from Prop 218, as confirmed by the legal counsel supporting SVCCEP.

When will the JPA determine the power mixes that are offered? It is important that we make sure the power mixes are "green" enough to meet our climate action goals.

Staff Response: Power mix will be determined by the JPA Board of Directors as part of energy procurement (~July 2016 by the current workplan) and truly finalized when those contracts are executed (~November 2016 by the workplan).

Item #5

The attachment lists potential sources of funding, which includes a potential \$8m from sale of the Charles Street properties. Half of that land was purchased with the expectation that if we were to subsequently sell that land, the source of that purchase would be repaid. I think it was the Budget Stabilization Fund, but I'm not sure. Has this been properly taken into account, or are we potentially double-counting a portion of that revenue?

Staff Response: The recent purchase of property on Charles was taken from the General Fund Capital Improvement Project Reserve. It reduced the fund balance from \$13.3 million to \$8.7 million. We've accounted for this in the potential sources of revenue shown for the Civic Center.

Also, various neighboring cities have funded their library projects completely or partially through certificates of participation. Is that a funding source that is available to us?

Staff Response: Certificates of Participation are a potential way to finance a portion of the Civic Center project. This would likely be a good way to capitalize current city assets like the planned \$1.5 million annual contribution to the CIP Reserve. If the Council chooses to place a property tax increase before the voters,

a general obligation bond is likely a better financing mechanism to obtain the lowest interest rates. Staff would work with a bond advisor to explore and determine the best debt financing alternatives before finalizing the structure.

Also, have we looked at an asset depreciation agreement with an outside entity as a funding mechanism? Selling the entire site for a fixed period of time, only to lease it back, with the entity enjoying the tax benefit from depreciating assets while paying us a portion of that benefit up front, to regain ownership at a fixed time?

Staff Response: If staff understands correctly, this was the mechanism used to finance the last Library renovation/expansion in the early 1980's. Due to changes in tax laws, this mechanism is no longer available.