

April 16, 2019

Submitted via electronically:
tkerr@arfgd.org

Tim Kerr, P.E.
General Manager
American River Flood Control District
185 Commerce Circle
Sacramento, CA 95815

Re: Proposal for Annual Administration of Special Assessments

Dear Tim:

SCI Consulting Group ("SCI") is pleased to submit, for your review, this proposal to provide Annual Assessment Administration Services for the continuation of American River Flood Control District's ("District") three assessment zones. SCI has discussed the current assessments with you, and we are proposing to provide comprehensive annual assessment administration services to the District for multiple years, beginning this year (FY 2019-20), including a detailed parcel audit in the first year, as described herein. Also, we are proposing an optional review of your underlying assessment engineering and development of a Proposition 218-compliant Engineer's Report, but due to the short timeline, the Engineer's Report would be supporting the FY 2020-21 process.

Serving California public agencies since 1985, we clearly understand that these special levies provide vital funding to the District and that the District is seeking to retain the services of a professional levy administration firm to ensure accurate, legally compliant and successful collection of these important revenues. The annual continuance of these special levies is not automatic. It involves important technical, procedural elements and legal requirements each year including the preparation of the annual Engineer's Report. Our commitment is to provide these comprehensive services and minimize the time and resources from the District.

We respectfully offer the following qualities of SCI for your consideration:

MOST COMPREHENSIVE LEVY ADMINISTRATION SCOPE The administration of the District's special levies is a very important fiduciary responsibility that should entail significant effort to ensure that the special levies are collected accurately and defensibly. Through the process of designing and establishing many new post-Proposition 218 benefit assessments, we have gained unparalleled and comprehensive Proposition 218 data flow and compliance expertise.

EXISTING LEVY OPTIMIZATION EXPERTISE As noted, SCI's primary expertise is the levy administration of assessments, fees, charges and special taxes for public agencies. With over 33 years of experience in this specialized field, we have never missed a levy submission deadline and have an unparalleled track record of finding additional revenues for agency levies that were previously administered by another firm. In fact, in nearly every case in which SCI has begun to administer special levies that were previously

handled by another firm or public agency; we have often uncovered significant additional revenues due to incorrect previous amounts or missing parcels that should be subject to the levies.

COLLECTIVE LEGAL EXPERTISE SCI has also gained considerable and unmatched advantage from the collective input of most of the State's leading Proposition 218 specialized attorneys with whom we worked on formations, and on the continued justification of the over 120 post-Proposition 218 agency-wide assessments we created and annually reauthorize.

KNOWLEDGE OF ARFCD We have worked extensively throughout Sacramento and Sutter Counties including local cities and districts. We currently provide, or have provided consulting services to the agencies within Sacramento and Sutter Counties:

- Arden Park, Carmichael, Fair Oaks, Fulton, Mission Oaks, North Highlands, Orangevale, Rio Linda, Southgate and Sunrise Recreation and Park Districts
- Cities of Folsom, Sacramento and Yuba
- Galt, Sacramento City, Yuba City School Districts
- Reclamation Districts 3, 349, 551, 554, 556, 800, 1000 and 1001, Brannan-Andrus Levee Maintenance District, and Sacramento Flood Control Agency ("SAFCA")

SCI'S 2017 AUDIT OF CONSOLIDATED CAPITAL ASSESSMENT DISTRICT NO. 2 On January 17, 2017, SCI was engaged by the SAFCA to conduct a comprehensive audit on their balloted Consolidated Capital Assessment District No. 2 assessment roll. SCI developed a database including the entire SAFCA boundary and assigned land uses independently from the balloted assessment roll based on the County Assessor land use codes. For each attribute category, a comparison analysis was completed between the two data sets and discrepancies were flagged. Finally, aerial research was conducted on the flagged records on a sampling basis to review the variances and trends that emerged from the comparison analysis. As a result, SCI gained unique insight and understanding of SFACA's processes, methodologies and parcel data.

UNMATCHED ABILITY TO HANDLE LARGE AREA/COMPLEX LEVIES SCI has successfully formed more agency-wide benefit assessments than all other firms in the State, combined. This is further evidence of our ability to form and administer large levy assessments. These include new assessments covering all parcels in Alameda, Orange, San Diego, San Joaquin, San Mateo and Santa Clara Counties.

UNMATCHED TECHNICAL CAPABILITIES Every person in our firm, aside from our administrative staff, is a database expert. We have developed in house, specialized programs to improve our levy administration services. We are also GIS and mapping experts. We invite you to compare, or better yet test our database and technical expertise with the staff from any other firm.

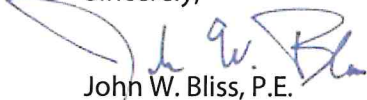
LOW OVERHEAD/LOW COST PROVIDER We understand that levy administration services must be provided cost effectively, particularly to keep the District's costs within budget constraints. For this reason, we maintain the lowest overhead and leanest structure in the industry. While other firms maintain multiple offices, hierarchical administration and much higher overhead costs, we operate more effectively and with much lower overhead out of one central office located in an economically favorable business area.

UNMATCHED RESPONSIVENESS AND CUSTOMER SERVICE We invite you to call our toll-free property owner assistance line at (800) 273-5167 and compare our level of service and responsiveness with any other firm. We answer calls directly with knowledgeable levy administration staff. We also provide the highest level of customer service and responsiveness for all our clients, including responding to all of our clients within the same day.

This proposal is valid for 90 days.

We look forward to this opportunity to assist the District with this important project and stand ready to proceed. If you have any questions or require additional information, please do not hesitate to contact me. I can be reached at (707) 430-4300 or via email at john.bliss@sci-cg.com.

Sincerely,



John W. Bliss, P.E.
President

SCOPE OF WORK

Based upon our current understanding of the District's requested services, we propose the following scope of work for the Operation and Maintenance Assessment District No. 1, the Natomas Basin Local Assessment District and the Consolidated Capital Assessment District No. 2:

Background Research and First Year Parcel Audit

The First Year Parcel Audit will include a geographical and zone review to confirm the correct parcels are subjected to the assessment and tax. Also, the approved methodology for both the assessment and tax will be used to evaluate and recalculate all levies and compared with the previous year levies. At the end of the First Year Audit, SCI will meet with the District to discuss our findings and determine policy and procedures going forward.

The starting point for calculating and confirming the levies for all parcels within the District and three assessment zones for the first fiscal year involves using SCI's extensive statewide database of property and ownership information. This important internal data includes all parcels in the State with over two decades of historical data and extensive parcel attributes. To complement this data, we also utilize current assessor and tax roll data from the County Assessor and Auditor-Controller.

Furthermore, we acquire, compare and incorporate additional data and property information from the District and other real property vendors, title company information vendors, and other sources as necessary. Going beyond the assessor data and our internal parcel information allows us to incorporate and compare other information that typically enhances the comprehensive accuracy of our parcel information.

Determination of Preliminary Levies

Twice a year, SCI recalculates and confirm levies on a parcel-by-parcel basis for all subject properties in the three assessment district zones and for the entire District boundaries for the parcel tax. This additional step, while more time consuming than simply relying on assessor property characteristics and previous levy amounts, has consistently proven to result in more accurate levies and higher overall special levy revenues.

Beginning each March, SCI will determine preliminary levies based on the most current assessor lien roll data. SCI will also work with District staff to develop annual budgets for each zone and the parcel tax. We will research changes in property data, property usage, property valuations and levy changes from the previous year for all parcels within the District and flag all parcels that require property research to determine the appropriate special levy. This process allows us to discover any issues with the assessor's data early. It also allows us to provide the District with a timely and accurate projection of special levy revenues for the upcoming fiscal year.

Preparation of Resolutions and Notices

SCI will prepare all resolutions, the notices of public hearings and agenda reports for the continuation of the special levies. SCI will also assist with the publication of the notices for the continuation of the special levies.

Determination of Final Levies

After the close of each fiscal year, SCI will determine the final levies based on the final lien roll data as of July 1. All new or changed parcels will be identified and the final levies determined on a parcel-by-parcel basis.

Quality Assurance and Quality Control

We take great pride in our levy administration process and our stringent quality control and oversight to ensure the accuracy of the levies. Each year for every special levy, we run over 50 checks and validation queries on each parcel so any parcels that may require additional research can be identified,

researched and determined. After the preliminary levies have been determined by the levy administrator, another levy administrator with SCI will perform a complete independent peer review and audit, including a parcel-by-parcel confirmation of the special levies. Any questions or issues uncovered are fully reviewed and resolved. Finally, before the levies are finalized, a manager will perform another full round of quality assurance and review. These multiple stage reviews and quality assurance steps are a key element in SCI's proven ability to ensure the highest level of accuracy and to maximize special levy revenues for our clients.

Levy Submittal and Confirmation

Once the special levies have been internally approved, SCI prepares the final levy rolls for submittal to the Sacramento and Sutter County Tax Collectors. SCI will also meet the Tax Collectors' levy roll submission requirements and provide them all necessary documentation for inclusion of the special levies on the Counties' consolidated property tax bills. We have never missed an assessment submittal deadline. Additionally, electronic levy rolls sorted by assessor parcel number and Property Owner's Name will be prepared and submitted to the District. Once the special levies are received and approved, SCI will receive written confirmation of the approval of the special levies and communicate the confirmation of the special levies with the District.

At the District's request, SCI will also develop and make available to the District an Internet based website or computer program that will allow District staff to quickly locate parcel data by owner name, parcel number, street address or other requested search criteria.

Inquiries and Information Requests

SCI will coordinate with the Sacramento and Sutter County Tax Collectors for our taxpayer inquiry line (800) 273-5167 to be placed aside the special levy amount on the Sacramento and Sutter County tax bills so property owners, title companies, realtors and other interested parties can directly contact SCI throughout the fiscal year with questions regarding the special levies. Our representatives are fluent in English and Spanish, and calls are returned within 24 hours. Our goal is to represent the District professionally and minimize any inconvenience to the inquiring taxpayer and the District.

Meetings

SCI shall attend any meetings related to the administration of the District's special levies. We anticipate at least one kickoff meeting with the District and attendance at one District Board meeting annually.

OPTIONAL (FY 2020-21) Assessment Engineering and Development of Engineer's Report

SCI will make recommendations to improve compliance with Proposition 218 and other legal requirements and develop a Proposition 218-compliant Engineer's Report. SCI will review the draft Engineer's Report with District staff, District Board-members, legal counsel and other parties and incorporate comments as appropriate. Due to schedule constraints for 2019-20, the Engineer's Report compliance review may be postponed to 2020-21.

PROJECT TEAM

If selected for this project, John Bliss, President of SCI, would serve as the Assessment Engineer of Record and principal-in-charge of the annual levy administration. Jerry Bradshaw would serve as the day-to-day project manager and levy administrator. Such a collaborative, team-based approach helps to assure the District's objectives are well understood and accomplished and all technical and procedural requirements are met. Their bios are provided below.

John Bliss, M.Eng., P.E., President, License No. C052091

John Bliss, a professional engineer and President of SCI, specializes in assessment engineering, special and general benefit analysis, crafting legally compliant, robust Engineer's Reports, levy administration, cost estimating and budgeting, database design and implementation, regulatory compliance, and

revenue measure formations. He has 16 years of experience in this field of expertise. Moreover, John is a recognized expert assessment engineer and Proposition 218 compliance specialist who has served as an expert witness and technical authority. He also has worked with most of the leading Proposition 218 specialized attorneys in the State, which has further expanded his professional and technical expertise.

During his tenure at SCI, John has served as the responsible Assessment Engineer on over 300 Engineer's Reports for new or increased assessments, comprising more post-Proposition 218 new assessment engineering than any other assessment engineer in the State.

John also has served as the project lead for the California Statewide Fire Benefit Fee assessment. John led SCI's successful effort to identify every parcel in Counties throughout the State in State Responsibility Areas and, thus, subject to this new annual assessment fee on property tax bills. (SCI was selected sole-source for this project, based on the State's determination of our unmatched levy administration capabilities.) John also led SCI's time-compressed and successful assessment calculation efforts and our creation of a highly-integrated information exchange system with the GIS/spatial analysis firm based in India and the State of California for this new statewide fee.

John also has extensive programming and database expertise. John has materially contributed to the specialized and proprietary computer and database programs we utilize as part of our levy administration procedures. Prior to joining SCI, John co-founded several information technology companies that focused on database and infrastructure management including ConstructionPrice, and US Components, and worked as field construction engineer for Shimmick Construction Company and the U.S. Department of Transportation.

John graduated from Brown University with a Bachelor of Science Degree in Engineering and holds a master's Degree in Civil Engineering from The University of California, Berkeley, where he was a Regent's Scholar. He is a licensed professional Civil Engineer in the State of California and is a LEED accredited professional.

Jerry Bradshaw, P.E., Senior Assessment Engineer, License No. C48845

Jerry Bradshaw brings over 20 years of civil engineering experience, much of it in the employ of city government. During that time, he has been very active in both the operations and maintenance of public facilities such as landscaping and has also been involved in numerous ballot measures. While at SCI, Jerry has worked on several projects involving ballot measures and new assessment formations. This includes the recent efforts in the cities of Placentia and Orange where he was the project manager for new landscape maintenance district overlays proposed to residents in Proposition 218 ballot proceedings, like the Pleasant Hill Recreation and Park District project.

While working as a City Engineer and Public Works Director for two mid-sized cities in the San Francisco Bay Area, he developed expertise working with neighborhood and community groups in promoting initiatives of various sorts from assessment district formation, sales tax measures, and numerous other non-balloted initiatives. At SCI, his communications and engineering expertise continues to be an asset on his many assignments.

Maria Garcia-Adarve, Senior Consultant

Maria Garcia-Adarve contributes over 18 years of experience in special levy administration, peer review, assessment formations, surveys, and revenue measure consulting projects to the SCI team. Maria has extensive special levy formation and administration expertise. Maria also has significant experience with the successful formation of new community-wide assessments and fees, and she has worked as a leading consultant on some of the largest new assessments in the State of California, such as the County-wide assessment for vector control and weed abatement throughout San Diego County. Maria graduated with honors from the University of Phoenix, with a Bachelor of Science degree in Business and Information Systems.

Kyle Tankard, Senior Consultant

Kyle Tankard contributes experience leading and assisting in the formation of local revenue ballot measures and their annual administration, for both benefit assessments and special taxes. He currently administers a variety of assessments and taxes for vector, landscaping and lighting, levee and flood control and other special districts throughout California. His scope of work extends to include public opinion research, public outreach, data analysis and GIS mapping and database management. Kyle graduated from the University of California, Santa Cruz with a Bachelor of Arts in Environmental Studies with GIS emphasis. Kyle led the 2017 audit of Consolidated Capital Assessment District No. 2.

Chris Coulter

Chris Coulter contributes experience in funding measure feasibility, data analysis, and financial analysis services for public, private and non-profit sector organizations to the SCI team. He specializes in rate study analysis and Proposition 218 formation of benefit assessment districts, community facility districts and fee rate structures. In addition, Chris is experienced in spatial and regional analysis, opinion research, public outreach, demographic studies and ballot measure development. Chris is a graduate of the University of California at Berkeley with a Bachelor of Art degree in English Literature.

REFERENCES

Bethel Island Municipal Improvement District
3085 Stone Rd
Bethel Island, CA 94511
(925) 684-2210
Contact: Regina Espinoza, District Manager
E-mail: respinoza@bimid.com

Bethel Island is the most heavily populated Delta island and had suffered from severe property tax revenue deflation loss and local economic hardships. The local population had considerable skepticism toward the local governing agency, the Bethel Island Municipal Improvement District ("BIMID"). In fact, BIMID had proposed a special tax in 2010 which was soundly defeated. To complicate matters even more, there was a long-stalled development project (called Delta Cove) that was beginning to be revived and potentially include more than one-third of all the houses on the island. Negotiations between the developer and BIMID were difficult and the proposed assessment was a major point of contention. The community was distrustful of both BIMID and the developer.

SCI was hired to manage all aspects of a proposed new revenue mechanism to leverage Department of Water Resources grant funding by providing the required local funding share, and to fund inadequate maintenance. SCI realized that considerable effort would have to be made to regain credibility in the community. A comprehensive, multi-faceted community outreach plan was developed that included direct meetings with major property owners, as well as community meetings, wherein property owners could engage Board members and engineering experts. Several community meetings were conducted along with special one-on-one meetings with major property owners and developers.

SCI developed a proposition 218 compliant engineering approach and Engineer's Report that captured the unique attributes of flood depths and housing stock (i.e., many houses are built on stilts) with a strict goal to create a fair, equitable, and easy-to-understand rate structure. The rate structure was well-accepted by the community and served to help it win widespread support.

SCI assisted the District and other project team members with outreach efforts with property owners and developers. The Assessment was ultimately approved with over 68% support, only four years after a similar tax (Measure X) managed by a different consultant, received only 41% support.

SAFCA

1007 7th Street, 7th Floor
 Sacramento, CA 95814
 Contact: Jason D. Campbell, Deputy Executive Director
 (916) 875-6119; campbellja@saccounty.net

On January 17, 2017, SCI was engaged by the SAFCA to conduct a comprehensive audit on their balloted Consolidated Capital Assessment District No. 2 assessment roll. The original proposal recommended an audit to be performed on a sampling basis. An independent database would be developed comprised of 5% to 10% of the District’s 160,000 parcels, with a similar sample size for each land use category. However, after the initial review of the assessment methodology and data gathering, it was concluded that this method would not provide a comprehensive review of the SAFCA’s assessment roll. A revised scope of work was proposed to focus on the important attributes that directly affect the assessment calculation: flood depth, parcel acreage, stories and building square footage.

A database was developed for the entire SAFCA, and land uses were assigned independently from the balloted assessment roll based on the County Assessor land use codes. For each attribute category, a comparison analysis was completed between the two data sets and discrepancies were flagged. For convenience, the term “assessment ballot roll” indicates the existing SAFCA roll and the term “County data” indicates the Sacramento County Assessor’s data. Finally, aerial research was conducted on the flagged records on a sampling basis to review the variances and trends that emerged from the comparison analysis.

In 2018, SCI as engaged to provide annual assessment administration services to SAFCA

City of Folsom

50 Natoma Street
 Folsom, CA 95630
 Contact: Lorraine Poggione, Landscaping and Lighting District Manager
 (916) 355-7207 ext:220-3017; lpoggione@folsom.ca.us

SCI was initially hired in 2003 to administer the 19 landscaping and lighting assessments in the City at that time. These assessments had previously been administered in-house. In the first year of our administration, we uncovered over \$24,000 in additional annual revenues due to previous under-assessments on certain parcels. In addition, we performed a comprehensive Proposition 218 compliance analysis that resulted in significant upgrades to the assessment engineering findings and special benefit analysis required under Proposition 218.

SCI has served as the City’s Engineer of Record and assessment administrator since 2003. During this time, we have also assisted the City with many assessment ballot proceedings to increase existing assessment rates, or to establish new assessment districts. In addition, we assisted the City with a comprehensive analysis of the expenditure and future capital improvement reserve needs for all the assessment districts in the City.

City of Sacramento, Department of Utilities

1395 35th Avenue
 Sacramento, CA 95822
 Contact: Wally Cole, Senior Management Analyst
 (916) 808-6203; wcole@cityofsacramento.org

The Department of Utilities with the City of Sacramento hired SCI to assist them with a stormwater rate implementation in April 2017. SCI was specifically tasked to develop a funding options report to help the City confirm the property-related fee approach, perform public opinion research and survey, provide recommendations for a ballot measure, and assist their community outreach effort. This work

has been completed, although the City has deferred the balloting to 2018. One of the complicating factors for this project was that the stormwater fee study was done by another consulting firm simultaneously with their water and sewer rate studies, and due to the different Proposition 218 requirements for storm drainage, had to be separated out and handled differently, both procedurally as well as in the community outreach area.

SCI has been preliminarily selected to perform additional public opinion research as well as manage the ballot process when this measure moves forward.

City of San Mateo

330 West 20th Avenue

San Mateo, CA 94403

Contact: Larry Patterson, City Manager

(650) 522-7303; lpatterson@cityofsanmateo.org

As an initial phase, SCI conducted a scientific survey of property owners to measure the level of support for flood control improvements and a benefit assessment to fund these improvements. This survey found that property owners highly supported the proposed improvements and assessments, if they clearly understood the need for enhanced flood control and the benefits to their property. As a next phase, SCI assisted the City and other project team members with outreach efforts with property owners to build consensus for the proposed improvements and assessments. Thereafter, SCI prepared the Engineer’s Report and conducted a successful assessment ballot proceeding that is generating ongoing annual revenues for the maintenance and improvement of levees and other flood control improvements.

FEES

In consideration for the work accomplished, as outlined in this proposal, SCI shall be compensated as detailed below.

1. Compensation for Annual Levy Administration Services shall be fixed fee amounts for the following:

<u>Fiscal Year 2019-20 Levy Administration</u>	<u>Fee</u>
First Year Parcel Audit	\$9,750
Annual Administration as described in Scope of Work	\$16,250

<u>Fiscal Year 2020-21 Levy Administration</u>	<u>Fee</u>
OPTIONAL Engineer’s Report	\$36,500
Annual Administration as described in Scope of Work	\$21,000

<u>Fiscal Year 2021-22 Levy Administration</u>	<u>Fee</u>
Annual Administration as described in Scope of Work	\$21,500

<u>Fiscal Year 2022-23 Levy Administration</u>	<u>Fee</u>
Annual Administration as described in Scope of Work	\$22,000

Optional One-year extensions:

<u>Fiscal Year 2023-24 Levy Administration</u>	<u>Fee</u>
Annual Administration as described in Scope of Work	\$22,000

<u>Fiscal Year 2024-25 Levy Administration</u>	<u>Fee</u>
Annual Administration as described in Scope of Work	\$22,000

2. Compensation for the additional objectives will be developed based upon project specifics upon request.
3. Compensation amount for all consultant work for district formation/annexation services and new or increased assessments will be developed based on the complexity of each project.
4. Each fiscal year, 50% of the annual fees shall be due upon the filing of the levies with the Sacramento and Sutter County Tax Collectors in August, with the remaining 50% due on January 15.
5. Customary incidental expenses including property data, travel and other out-of-pocket costs, shall be billed as incurred, with a total amount not to exceed \$1,500 per fiscal year without prior authorization from the District.
6. The scope of services for annual administration includes two in-person meetings with the District for the first two fiscal years and one in-person meetings for each subsequent year. Any additional in-person meetings shall be charged at the rate of \$1,050 per person per meeting.

OTHER INFORMATION

Acknowledgement of Agreement and Insurance

SCI accepts the terms and conditions of RFP. We have no exceptions to the Scope of Services or to the Professional Services Agreement and the Certification of Insurance requirements.

Employment Policies

SCI does not and shall not discriminate against any employee in the work place or against any applicant for such employment or against any other person because of race, religion, sex, color, national origin, handicap, or age or any other arbitrary basis. SCI Consulting Group insures compliance with all civil rights laws and other related statutes.

Conflict of Interest Statements

SCI has no known past, ongoing or potential conflicts of interest for working with the District, performing the Scope of Work or any other service for this Project.

Insurance

SCI carries professional Errors and Omissions insurance in the amount of \$2 million per occurrence and \$2 million aggregate. SCI also carries general liability insurance in the amount of \$2 million per occurrence and \$4 million aggregate.

Independent Contractor

If selected, SCI shall perform all services included in this proposal as an independent contractor.

Scope of Work

In the event the District elects to request optional, additive scope of work, SCI will work with the District to negotiate compensation for these additional tasks and execute an Addendum to the agreement for these additional services.

Responsibilities of the District

SCI will make every effort to minimize the workload on the District, but may need assistance, iteratively, with project overview and history, scheduling and budgeting.

Coordination with the District

SCI will coordinate services with District staff through frequent and concise communications including face-to-face meetings, telephone calls and e-mail.