Request for Proposals
Municipal Financial Advisory Services

Date Issued: July 31, 2023
Deadline for Submission: September 1, 2023, at 5:00 PM

City of Watsonville
Finance Department
Marissa Duran, Finance Director
250 Main St.
Watsonville, CA 95076
Tel (831) 768-3470
Email: marissa.duran@watsonville.gov

Watsonville.gov
I. INTRODUCTION
The City of Watsonville (“City”) is requesting proposals from qualified firms (“Firms”) to provide objective, independent municipal advisory services to the City. Qualified firms will be registered as municipal advisors with the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). This Request for Proposal (“RFP”) describes the background, scope of services, content of proposal, selection criteria, and proposal submission instructions and schedule.

All questions should be directed in writing to Marissa Duran, Finance Director, at marissa.duran@watsonville.gov. Such contact shall be for clarification purposes only. The City must receive all questions no later than August 18, 2023. Material changes, if any, to the scope of services or proposal procedures shall only be transmitted by written addendum and posted to the City’s website (www.watsonville.gov). Addendums and answers to submitted questions will also be available on the City of Watsonville’s website.

II. BACKGROUND
The City of Watsonville is located in the heart of the Monterey Bay in the lush Pajaro Valley, Watsonville lies 95 miles south of San Francisco and has a population of just over 51,000. We are a rich agricultural community famous for fresh berries, apples, and cut flowers. You may know one of our more recognizable producers, Martinelli’s, famous for sparkling cider. More recently light manufacturing firms have expanded Watsonville’s economic base. Watsonville is more importantly recognized for its ethnic and cultural diversity. Over 84 percent of its population is Latino and Watsonville ranks as the 59th largest Hispanic populated city in California. Watsonville is also a young town, with over 30% of its population 19 and younger.

Incorporated in 1868, we are a charter city with a Manager/Council form of government and seven council members elected by district. The position of Mayor and Mayor Pro Tempore rotates annually by Council District as set forth in the City’s Charter. The City Manager, appointed by the Council, oversees the administration of City operations, including the supervision of all heads of city departments and makes recommendations to the Council, which meets twice monthly. The City Council directs policy and strategic visioning for the community. Watsonville is a full-service city with its own airport, Police, Fire, landfill, wastewater treatment plant, water system, and library.

A. Financial Condition & Outlook

The City’s Fiscal Year 2023 operating including capital, comprising the General Fund (30%), Special Revenue Funds (19%), Enterprise Funds (41%), and other funds (10%), totals approximately $248.8 million. The City maintains various reserves and adopted a balanced budget for Fiscal Year 2023-2024.
B. Capital & Financing Plan

The City prepares a five-year capital plan which identifies City capital improvement projects. The current primary focus is on maintaining and enhancing the City’s infrastructure, particularly its streets and parks.

C. Opportunity

The City has a great opportunity to drive investment and take a significant step forward in improving parks, streets, and city facilities. With existing resources, a favorable debt position, a sound budget, and a new General Purpose ½ cent Transaction and Use Tax passed by the voters November 2022 the City has capacity to invest prudently in its future.

III. PURPOSE OF THE REQUEST

The purpose for this Request for Proposals (RFP) is to evaluate qualified individuals or firms to provide objective, independent municipal advisory services to the City of Watsonville.

IV. SCOPE OF SERVICES

The services to be provided by the Financial Advisor are provided may include, but are not limited to the following:

- review the City’s long-range financing needs, particularly with respect to its capital improvement program and develop alternative strategies for meeting those needs.
- present alternative strategies for managing the City’s current or future debt to achieve the best value for taxpayers.
- analyze and interpret legislation for economic or financial opportunities or impacts for the City.
- review and analyze complex business plans and financial proposals, including those for refunding opportunities, made to the City.

The Firm also may be called upon to assist with the issuance of debt, including for guaranteed energy savings projects/contracts. Assistance may include, but may not be limited to:

- review and analysis of complex business plans and financial proposals, including those for refunding opportunities, made to the City.

- selling bonds or obtaining other debt financing by performing tasks such as:
  - advising on the essential features of the bond or other financing structure.
  - providing market analysis and information to determine the best method of sale or course of action for the City.
  - assisting with or preparing requests for proposals as appropriate for other professional services needed to carry out the financing.
  - participating in the preparation of offering or other documents needed for the financing.
o preparing or coordinating the preparation of material for such purposes as rating agency and credit enhancement review processes.
o coordinating the bidding for bonds in a competitive sale.
o negotiating bond terms in a negotiated sale.
o working with the finance team to facilitate an effective bond sale or other closing and delivery of proceeds.
o providing post-sale advice on proceeds investments (as needed).

• preparation and submittal of continuing disclosure reports annually, or as otherwise required by the City’s current or future bond covenants, to the Electronic Municipal Market Access, a service of the MSRB.

V. QUALIFICATIONS OF PROPOSERS

Information is required that demonstrates the professional capabilities and experience to serve as the City’s Financial Advisor on this financing. Qualifications may include, but not be limited to, prior relevant experience in municipal financing, educational degrees and certificates in finance and accounting.

VI. PROPOSAL PREPARATION, CONTENT AND FORMAT

Firms must submit a proposal organized as outlined below. Any proposal that does not contain the information outlined below may not be considered. Proposal contents shall be presented in the following sequence to facilitate evaluation:

1. Transmittal Letter
2. Company and Staff - Experience and Qualifications
3. Work Plan
4. Data Request
5. Scope exclusions/addenda
6. Deliverables
7. Schedule
8. Fee Proposal (Lump sum not-to-exceed fee and fee schedule/hourly rates)
9. Other Client Commitments
10. References
11. Professional Services Agreement and Insurance
12. Other

The following includes a brief description of each of the above items:

1. Transmittal Letter
   The transmittal letter should introduce the proposal, summarized not-to-exceed proposed costs by task, signed by an official authorized by the firm to solicit business and enter into contracts. The letter should include the name, address, email address, and phone number of the firm’s primary contact person.
2. **Company and Staff – Experience and Qualifications**
   The proposal must demonstrate that the firm has the experience and qualifications necessary to successfully perform the scope of services sought by the City. The proposal should contain the following information:

   - A brief description of the firm, including its history, size, location, geographic focus, and structure of ownership.
   - Summary of the firm’s experience and qualification providing financial planning, financial management, debt services, and other relevant services to California municipal clients. The section should also contain the following:
     
     i. List of other governmental agencies in California for which the firm is presently under contract, including recent financings or bond issuance, the services provided and cost, and the name of the firm’s primary staff member for each.
     
     ii. Please note whether the firm has successfully met the client’s needs in terms of client relationship and delivering services on scope, quality, schedule, and budget.
     
     iii. Please provide your experience in participating in community engagement tasks related to public finance.
     
     iv. A list of names and positions of Financial Advisory firm that would work with the City of Watsonville and their experience providing relevant services. The primary person(s) who would be responsible for managing the relationship with the City (attach bios or resumes as appropriate).
     
     v. Description of firm’s financial position, reputation, and risk management relevant to providing municipal financial advisory services.

3. **Work Plan**
   This section should give an introduction and overview of the approach, list general objectives, develop a work plan by breaking down the project into specific tasks or work elements clearly associated with the scope of services included in this RFP, and explain the methodology to be used to complete each task. The work plan shall provide an estimate of the meetings to be in the City, who will be participating from the Financial Advisor’s side, and what information the Financial Advisor expects the City to provide (see Data Request).

4. **Data Request**
   The section of the proposal shall itemize all data the Financial Advisor expects the City to provide in carrying out this engagement.

5. **Scope Exclusions/Addenda**
   In reviewing this RFP, the Financial Advisor may encounter tasks, which, in the opinion of the Financial Advisor, may be unnecessary, or may have been omitted. At the Proposer’s discretion, Financial Advisor may identify these tasks, and include any tasks that are deemed necessary by the Financial Advisor but are not required or identified by this RFP.
6. Deliverables
Deliverables are material products such as the official statement, bond rating, underwriter agreements, trustee agreements, insurance, and other documents that may comprise this financing. This section shall contain a list of all proposed deliverables to secure necessary funding.

7. Fee Proposal
The “Fee Proposal” shall include the basis/bases of compensation for services rendered. If hourly, provide a schedule of rates for the personnel proposed to be involved in the engagement. If fixed, indicate the amount for the service. If transaction based, indicate the rate structure. If other types of compensation are proposed, provide enough information to enable evaluation of the cost for the specified services. Specify what costs, if any, are to be reimbursed.

8. Other Client Commitments
Financial Advisor shall list other clients that it is currently in service, including pending or anticipated clients that will be served, with staff that Financial Advisor anticipates using to fulfill its obligation to the City under this RFP. Financial Advisor shall further attest to the availability of key staff to fulfill the needs of this study in a professional and timely manner.

9. References
The proposal must identify three different clients for which the firm has provided services like those sought by the City of Watsonville within the last three years and that would be willing to provide a reference. Include the name and contact information of an appropriate individual with each client and briefly summarize the main services or initiatives the firm provided to the client. Experience in issuing POBs is referred.

10. Professional Services Agreement and Insurance
Provide a statement that you have reviewed the Standard Professional Services Agreement and that your firm will be able to provide the required insurance in the amount, types, and endorsements. Alternatively, if there are provisions within the City’s Standard Professional Services Agreement, including insurance requirements, that are not acceptable to your firm, please indicate what provisions those are and why, and what substitution your firm would suggest. A copy of this agreement is provided as Attachment A.

11. Other
Additional information the proposer may feel will strengthen the proposal or be of interest to the City.
VII. SELECTION CRITERIA

Selection of a Financial Advisor will be based on evaluation of qualifications, work plan, references, and other required proposal elements. A City evaluation team will evaluate each proposal. Final selection may be based on the proposal as well as any supplemental information requested by the evaluation committee or obtained through interviews. The City will select most qualified firm with which to negotiate a contract.

The following evaluation criteria may be considered:

1. Cost proposal and well benchmarked hourly rates,
2. Current and experience in serving as Financial Advisor to municipalities,
3. Organizational skills and knowledge necessary to guide the City through financing strategies.
4. Solid knowledge of the financial markets
5. Creativity and experience in carrying out financing.
6. Clear and concise work plan
7. demonstrated understanding of the City’s financial position,
8. qualifications and relevant experience of proposed assigned personnel,
9. agreement to meet the City’s general terms and conditions,
10. Responses of references.

If a clear choice is not evident, interviews may be scheduled with the highest-ranking firms. Contract negotiations will begin immediately with the first-choice candidate after evaluation process.

VIII. PROPOSAL SUBMISSION REQUIREMENTS AND PROPOSED SCHEDULE

Please email an electronic PDF copy, and mail three (3) bound copies of your proposal at your earliest convenience, but no later than Wednesday, September 1, 2023, at 5:00 PM. Proposals shall be clearly marked “MUNICIPAL FINANCIAL ADVISORY SERVICES PROPOSAL” and enclosed in a sealed envelope. Proposals may be hand delivery or mailed to:

City of Watsonville
Attn: Marissa Duran, Finance Director
250 Main St.
Watsonville, CA 95076
Proposed Schedule
Dates are subject to change. We will make every effort to administer the proposal process in accordance with the terms and dates outlined below. However, we reserve the right to make changes to the schedule.

- July 31, 2023, Request for Proposal Issued
- August 18, 2023, Deadline for Submission of Questions
- September 1, 2023, Deadline for Proposals (due by 5:00pm)
- September 4 - September 8, 2023, Proposals Evaluated
- September 14, 2023, Top-ranking Candidates are interviewed.
- September 19, 2023, First-choice candidate notified.
- September 26, Contract Presented to the Council for Approval

IX. ADDITIONAL INFORMATION
All responses to this RFP will become the property of the City of Watsonville. All proposals and any subsequent contract will be subject to public disclosure per the “California Public Records Act,” California Government Code, sections 6250 – 6270, once the City has awarded the contract resulting from this solicitation.

The City will review and evaluate all proposals. The City reserves the right to request one or more oral interviews of any respondents prior to the final selection. The City assumes no liability for any cost incurred by any firm in the preparation of its proposal in response to this RFP, or presentation of the proposal or subsequent interview(s), nor for obtaining any required insurance.

The City reserves the right to reject any and all proposals, to request additional information concerning any proposals for the purpose of clarification, to accept or negotiate modifications to any proposal following the deadline, to waive any irregularities, if doing so would serve the interest of the City, to amend and/or reissue the RFP, and/or to discontinue or reopen the process at any time. The City retains sole discretion to evaluate proposals and make an award to the proposer that the City deems to have the most responsive proposal. The City reserves the right to negotiate all final terms and conditions of any contract as necessary to more closely match City needs.

X. ATTACHMENTS
Attachment A: City of Watsonville Consultant Services Contract
CONTRACT FOR CONSULTANT SERVICES BETWEEN
THE CITY OF WATSONVILLE AND [ADD NAME]

THIS CONTRACT, is made and entered into this ______________, by and between the City of Watsonville, a municipal corporation, hereinafter called "City," and ____________________________, hereinafter called "Consultant."

WITNESSETH

WHEREAS, the City needs to obtain certain professional, technical and/or specialized services of an independent contractor to assist the City in the most economical manner; and

WHEREAS, Consultant has represented that consultant has appropriate skill, training, qualifications, and experience to render such services called for under this Contract to City.

THE PARTIES HEREBY AGREE AS FOLLOWS:

SECTION 1. SCOPE OF SERVICES. Consultant shall perform those services described in detail in Exhibit "A," entitled "SCOPE OF SERVICES" which exhibit is attached hereto and incorporated herein.

SECTION 2. TERM OF CONTRACT. The term of this Contract shall be from ____________, 20__ to ____________, 20__, inclusive.

SECTION 3. SCHEDULE OF PERFORMANCE. The services of Consultant are to be completed according to the schedule set out in Exhibit "B," entitled "SCHEDULE OF PERFORMANCE," which is attached hereto and incorporated herein. Consultant will diligently proceed with the agreed Scope of Services and will provide such services in a timely manner in accordance with the "SCHEDULE OF PERFORMANCE."

SECTION 4. COMPENSATION. The compensation to be paid to Consultant including both payment for professional services and reimbursable expenses as well as the rate and schedule of payment are set out in Exhibit "C" entitled "COMPENSATION," which is attached hereto and incorporated herein. This amount shall not exceed $____________.

SECTION 5. METHOD OF PAYMENT. Except as otherwise provided in Exhibit "C," each month, Consultant shall furnish to the City a statement describing the work performed for compensation during the preceding month. Such statement shall also include a detailed record of the month's actual reimbursable expenditures.

SECTION 6. INDEPENDENT CONSULTANT. It is understood and agreed that Consultant, in the performance of the work and services agreed to be performed by Consultant, shall act as and be an independent Consultant and not an agent or
employee of City, and as an independent Consultant, shall obtain no rights to retirement benefits or other benefits which accrue to City's employees, and Consultant hereby expressly waives any claim it may have to any such rights.

SECTION 7. ASSIGNABILITY. Consultant shall not assign or transfer any interest in this Contract nor the performance of any of Consultant's obligations hereunder, without the prior written consent of City, and any attempt by Consultant to so assign this Contract or any rights, duties or obligations arising hereunder shall be void and of no effect.

SECTION 8. INDEMNIFICATION. Consultant represents that Consultant has the expertise and experience necessary to perform the services and duties agreed to be performed by Consultant under this Contract, and City is relying upon the skill and knowledge of Consultant to perform said services and duties. Consultant agrees to defend, indemnify and hold harmless City, its officers, agents, and employees, against any loss or liability arising out of or resulting in any way from work performed by or on behalf of Consultant under this Contract or the errors or omissions by Consultant.

SECTION 9. INSURANCE.

A. Auto and Commercial General Liability Insurance. Consultant shall also maintain in full force and effect for the term of this Contract, automobile insurance and commercial general liability insurance with an insurance carrier satisfactory to City, which insurance shall include protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from any actual occurrence arising out of the performance of this Contract. The amounts of insurance shall not be less than the following:

(1) Commercial general liability insurance, or equivalent form, with a combined single limit of not less than $1,000,000.00 per occurrence. If such insurance contains a general aggregate limit, such limit shall apply separately to each project Consultant performs for City. Such insurance shall (a) name City, its appointed and elected officials, and its employees as insureds; and (b) be primary with respect to insurance or self-insurance programs maintained by City and (c) contain standard separation of insured's provisions.

(2) Business automobile liability insurance, or equivalent form, with a combined single limit of not less than $1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

B. Workers’ Compensation Insurance. In accordance with the provisions of Section 3700 of the Labor Code, Consultant shall be insured against liability for Workers’ Compensation or undertake self-insurance. Consultant agrees to comply with such provisions before commencing performance of any work under this Contract.
C. Proof of Insurance to City before Notice to Proceed to Work. Consultant shall satisfactorily provide certificates and endorsements of insurance to the City Clerk before Notice to Proceed to Work of this Contract will be issued. Certificates and policies shall state that the policy shall not be canceled or reduced in coverage without thirty (30) days written notice to City. Approval of insurance by City shall not relieve or decrease the extent to which Consultant may be held responsible for payment of damages resulting from services or operations performed pursuant to this Contract. Consultant shall not perform any work under this Contract until Consultant has obtained the required insurance and until the required certificates have been submitted to the City and approved by the City Attorney. If Consultant fails or refuses to produce or maintain the insurance required by these provisions, or fails or refuses to furnish City required proof that insurance has been procured and is in force and paid for, City shall have the right at City’s election to forthwith terminate this Contract immediately without any financial or contractual obligation to the City. As a result of such termination, the City reserves the right to employ another consultant to complete the project.

D. Written notice. Contractor shall provide immediate written notice if (1) any insurance policy required by this Contract is terminated; (2) any policy limit is reduced; (3) or any deductible or self insured retention is increased.

SECTION 10. NON-DISCRIMINATION. Consultant shall not discriminate, in any way, against any person on the basis of age, sex, race, color, creed, national origin, or disability in connection with or related to the performance of this Contract.

SECTION 11. TERMINATION.

A. City and Consultant shall have the right to terminate this Contract, without cause, by giving not less than ten (10) days written notice of termination.

B. If Consultant fails to perform any of its material obligations under this Contract, in addition to all other remedies provided by law, City may terminate this Contract immediately upon written notice.

C. The City Manager is empowered to terminate this Contract on behalf of City.

D. In the event of termination, Consultant shall deliver to City copies of all work papers, schedules, reports and other work performed by Consultant and upon receipt thereof, Consultant shall be paid in full for services performed and reimbursable expenses incurred to the date of termination.

SECTION 12. COMPLIANCE WITH LAWS. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments. Consultant shall obtain and maintain a City of Watsonville business license during the term of this Contract.
SECTION 13. GOVERNING LAW. City and Consultant agree that the law governing this Contract shall be that of the State of California. Any suit brought by either party against the other arising out of the performance of this Contract shall be filed and maintained in the Courts of the County of Santa Cruz.

SECTION 14. PRIOR CONTRACTS AND AMENDMENTS. This Contract represents the entire understanding of the parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Contract may only be modified by a written amendment.

SECTION 15. CONFIDENTIAL INFORMATION. Except as may be required by law, all data, documents, discussions, or other information developed or received by or for Consultant in performance of this Contract are confidential and not to be disclosed to any person except as authorized by the City Manager.

SECTION 16. OWNERSHIP OF MATERIALS. All reports, documents or other materials developed or received by Consultant or any other person engaged directly by Consultant to perform the services required hereunder shall be and remain the property of City without restriction or limitation upon their use.

SECTION 17. COVENANT AGAINST CONTINGENT FEES. The Consultant covenants that Consultant has not employed or retained any company or person to solicit or secure the Contract, and that Consultant has not paid or agreed to pay any company or person, any fees, commissions, percentage, brokerage fee, gift, or any other consideration contingent on or resulting from the award or making of this Contract. For breach or violation of this covenant, the City shall have the right to annul this Contract without liability, or in its discretion, to deduct from the contract price or consideration or otherwise recover, the full amount of such fee, commission, percentage fee, gift, or contingency.

SECTION 18. WAIVER. Consultant agrees that waiver by City or any one or more of the conditions of performance under this Contract shall not be construed as waiver of any other condition of performance under this Contract.

SECTION 19. CONFLICT OF INTEREST.

A. A Consultant shall avoid all conflict of interest or appearance of conflict of interest in performance of this Contract. Consultant shall file a FPPC Form 700 disclosure statement, which form shall be filed with the City Clerk within thirty (30) days from the effective date of this Contract as applicable.

B. No member, officer, or employee of the City, during their tenure, or for one (1) year thereafter, shall have any interest, direct or indirect, in this Contract or the
proceeds thereof and Consultant agrees not to allow, permit, grant, transfer, or otherwise do anything which will result in such member, officer, or employee of the City from having such interest.

SECTION 20. AUDIT BOOKS AND RECORDS. Consultant shall make available to City, its authorized agents, officers and employees, for examination any and all ledgers and books of account, invoices, vouchers, canceled checks and other records or documents evidencing or related to the expenditures and disbursements charged to the City, and shall furnish to City, its authorized agents and employees, such other evidence or information as City may require with respect to any such expense or disbursement charged by Consultant.

SECTION 21. NOTICES. All notices shall be personally served or mailed, postage prepaid, to the following addresses, or to such other address as may be designated by written notice by the parties:

CITY
City Clerk’s Office
275 Main Street, Suite 400
Watsonville, CA 95076
(831) 768-3040

CONSULTANT
[add information]

SECTION 22. EXHIBITS:

Exhibit A: Scope of Services
Exhibit B: Schedule of Performance
Exhibit C: Compensation
WITNESS THE EXECUTION HEREOF, on the day and year first hereinabove written.

CITY

CITY OF WATSONVILLE

BY ______________________________
Rene Mendez, City Manager

BY ______________________________
[Name, Title]

ATTEST:

BY ______________________________
Irwin I. Ortiz, City Clerk

APPROVED AS TO FORM:

BY ______________________________
Samantha W. Zutler, City Attorney
EXHIBIT "A"

SCOPE OF SERVICES
Services shall commence immediately upon execution of this Contract. All services performed under the provisions of this Contract shall be completed in accordance with the following schedule:
EXHIBIT "C"

COMPENSATION

a. Total Compensation. The total obligation of City under this Contract shall not exceed ________________________.

b. Basis for Payment. Payment(s) to Consultant for services performed under this contract shall be made as follows and shall [not] include payment for reimbursable expenses:

c. Payment Request. Consultant shall submit a request for payment for services on a monthly basis by letter to Director, or said Director's designated representative. Such request for payment shall cover the preceding monthly period during the term hereof, shall note the City's purchase order number for this contract, shall contain a detailed listing of the total number of items or tasks or hours for which payment is requested, the individual dates on which such services were rendered, and invoices for reimbursable expenses, if any. Upon receipt in the Office of Director of said payment request, Director shall cause payment to be initiated to Consultant for appropriate compensation.