



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 9, 2024

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: FIRST AMENDED AND RESTATED PROFESSIONAL CONSULTANT SERVICES AGREEMENTS WITH CSG ADVISORS, INC OF SAN FRANCISCO, CALIFORNIA FOR \$50,000 AND PFM FINANCIAL ADVISORS, LLC OF DELAWARE FOR \$100,000 FOR A TERM OF FIVE (5) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) ADDITIONAL TWO-YEAR TERMS, IN ACCORDANCE WITH REQUEST FOR PROPOSAL NO. 2261

ISSUES:

Approve First Amended and Restated Professional Consultant Services Agreements with CSG Advisors Incorporated of San Francisco, California for \$50,000 and PFM Financial Advisors LLC of Delaware for \$100,000 for a term of five (5) years with an option to extend for two (2) additional two-year terms, in accordance with Request for Proposal No 2261.

RECOMMENDATIONS:

That the City Council:

1. Approve the First Amended and Restated Professional Consultant Services Agreement with CSG Advisors Incorporated of San Francisco, California, for an amount of \$50,000 for a term of five years, with an option to extend two additional two-year terms;
2. Approve the First Amended and Restated Professional Consultant Services Agreement with PFM Financial Advisors, LLC of Delaware, for an amount of \$100,000 for a term of five years, with an option to extend two additional two-year terms; and
3. Authorize the City Manager, or his designee, to execute the First Amended and Restated Professional Consultant Services Agreements with each of the companies listed above, and optional contract extensions, including making minor and non-substantive changes.

BACKGROUND:

For several years, the City has been working with a team of financial advisors to assist with various debt and financial related projects. Such projects include but are not limited to bond issuance, line of credit, rating agency presentations, continuing disclosure policies and review, and arbitrage and swap calculations. The purpose and benefit of having a team of advisors is to allow the City

to utilize the most appropriate firm for each specific project that arises. Each firm is able to utilize their unique skillset to help the City identify innovative and sound financing solutions.

DISCUSSION:

RFP Process

To ensure that the City was receiving the best quality services at a reasonable price, the Purchasing Division issued Request for Proposal (RFP) No. 2261 on January 4, 2023, for municipal financial advisory services. To allow for as much competition as possible and to obtain the best overall service to the City, the advisory services within the RFP were broken into six (6) possible sectors, which are: 1) General Fund and RDA; 2) Sewer Fund; 3) Electric and Water Funds (RPU); 4) Special Districts (Community Facility Districts and Assessment Districts); 5) Swap and Arbitrage (all funds); and 6) Real Estate and Financial Advisory (P3 projects). Firms were allowed to submit proposals for any and/or all of the six sectors. The RFP was structured to award contracts with the two highest-ranking firms for each sector and then allow City staff to work with either of those top two firms as projects arise throughout the course of the agreement.

Through the competitive procurement process, the City received responses from nine qualified firms. The qualified firms were evaluated based on the following criteria:

- A. Qualifications (35%)
- B. Experience (25%)
- C. Approach & Methodology (20%)
- D. Professional References (10%)
- E. Pricing (10%)

Within the scope of the RFP, firms were also asked to provide confirmation of passing their license 50 test with the MSRB for advisory services and have at least five (5) years’ experience in providing services of a similar type and scope. The evaluation team for RFP No. 2261 consisted of four City staff members (three in City Finance and one in RPU finance). Apart from Swap and Arbitrage, each category had two highest ranking firms. The only responsive bidder for the Swap and Arbitrage category was Omnicap Group, LLC, who currently serves as the City’s Swap and Arbitrage advisor. The highest-ranking firms for each category are shown in the table below:

Category	Highest Ranking Firms
General Fund & RDA	(1) Fieldman, Rolapp & Associates, Inc. (2) CSG Advisors, Inc
Sewer Fund	(1) NHA Advisors, LLC (2) PFM Financial Advisors, LLC
Electric & Water Funds (RPU)	(1) PFM Financial Advisors, LLC (2) KNN Public Finance, LLC
Special Districts (CFD & AD)	(1) Fieldman, Rolapp & Associates, Inc. (2) CSG Advisors Inc
Swap & Arbitrage	(1) Omnicap Group, LLC
Real Estate (P3 Projects)	(1) CSG Advisors, Inc. (2) Kosmont & Associates, Inc

Prior and Updated Agreements

In June 2023, Finance brought to City Council for approval a Master Consultant Services Agreement for each of the vendors listed above. Upon further review and discussion with City Finance, City Attorney’s Office, and Purchasing, it has since been determined that a standard Professional Services Agreement would accurately reflect the requirements of RFP No. 2261 instead of Master Agreements. City Attorney’s Office has prepared a First Amended and Restated Professional Consultant Services Agreement for each of the vendors which require the necessary

revisions. Omnicap Group, LLC was the only responsive bidder under the Swap and Arbitrage sector, and a Supplemental Agreement was approved by City Council on October 3, 2023, for services related to this sector. Therefore, it was determined that an Amended Agreement was not necessary for Omnicap Group, LLC.

The First Amended and Restated Professional Consultant Services Agreements have been prepared for all other vendors to cover any ad-hoc services throughout the term of the contract. The type of advisory services would include things such as analysis and discussions related to possible debt refinancings, underwriter reviews, financial forecasting, rating agency guidance, and continuing disclosure trainings. These as-needed services would essentially be for anything outside of a live debt transaction and would be billed to the City at the hourly rates shown in Exhibit B. Using an estimate of hours needed for these services, there are two (2) vendors which are expected to exceed \$50,000 over the course of the five-year term. These two vendors are CSG Advisors, Inc and PFM Financial Advisors, LLC. The anticipated fees for ad-hoc services with each vendor are based on several factors which include hourly rates, specific sectors assigned to vendor, historical advisory needs, and anticipated advisory services. The other vendors are expected to remain under the \$50,000 threshold for the ad-hoc services and those agreements have been submitted to City Manager for approval, with Purchasing and City Attorney's Office concurrence. If it is determined that additional hours are needed for any of these vendors at a later time, which would result in exceeding the \$50,000 threshold, Finance will bring a Supplemental Agreement back to City Council for approval.

Any new bond issuance, refunding, private placement, or the like, will list the appropriate vendor as part of the proposed financing team, and will be brought to City Council for approval during that time.

Having a team of highly experienced financial advisors allows the City to draw upon their expertise and innovative financing solutions over the next several years. The Professional Consultant Services Agreements with each of the financial advisory firms is for an initial term of five years, with the option to extend two additional two-year terms. This allows the team of advisors to gain insight into the City's current and upcoming financial needs, as well as gain a deeper understanding into the history of the City's large and complex debt portfolio.

Per Purchasing Resolution No. 23914, Section 1104. Change Orders, Modifications to a Purchase Order shall be made only by Change Order. Subject to the availability of funds, Change Orders may be utilized for purposes of (6) any other change approved by the Manager.

The Purchasing Manager concurs that this request is in compliance with Purchasing Resolution No. 23914.

STRATEGIC PLAN ALIGNMENT:

This item contributes to Strategic Priority No. 5 High Performing Government Goal No. 5.3 – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.

This item aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Financial Advisors serve as City of Riverside fiduciaries, providing a specialized, certified level of knowledge and skillset to ensure that the City is aware of all the risks and benefits related to various financing strategies to choose the most financially

advantageous course of action for our residents, taxpayers, and ratepayers.

2. **Equity** – Competitive procurement was achieved through RFP 2261, issued January 4, 2023. Of the nine qualified firms who submitted proposals, Fieldman Rolapp & Associates, CSG Advisors, NHA Advisors, PFM Financial Advisors, KNN Public Finance, Omnicap Group, and Kosmont Financial Services were among the top two highest ranking in each category.
3. **Fiscal Responsibility** – Utilizing the RFP process, the City can lock in the rates with each firm throughout the entire term of the contract. This allows the City to achieve pre-determined rates, regardless of inflation or economic uncertainties.
4. **Innovation** – Utilizing a team of financial advisors is an innovative way for the City to stay on top of current laws and best practices in government finance. The City can rely upon experts in their field to ensure that the City is following various reporting and legislative requirements.
5. **Sustainability & Resiliency** – There are significant benefits to working with each of the financial advisory teams. In doing so, the City will be able to lock in the competitive rates for these services, rather than trying to establish a contract with a new firm which would be subject to higher fees based on the current economic environment. The City also benefits from having a history with advisors who have become familiar with the City’s large and complex debt portfolio. The historical knowledge of the City’s various Funds and Special Districts is valuable in a portfolio the size of Riverside’s.

FISCAL IMPACT:

The total fiscal impact of this action is \$150,000 over the five-year term of both agreements. The fiscal impact of the agreement with CSG is \$50,000 and with PFM it is \$100,000. The funding is budgeted and available as indicated in the tables below.

CSG Contract Funding Source

Fund	Program	Account	Amount
General Fund	Debt-Treasury-Professional Services	2302000-421000	\$50,000

PFM Contract Funding Source

Fund	Program	Account	Amount
Electric	PU-Electric Revenue Bond – Fiscal Charges	6125000-487000	\$50,000
Water	PU-Water Revenue Bond – Fiscal Charges	6225000-487000	\$20,000
Sewer	Sewer Debt Charges – Professional Services	4125600-447010	\$30,000
Total			\$100,000

Should a refinancing or new bond issuance occur, the financing team fees would be paid from bond proceeds and would be submitted for authorization by City Council at the same time as approval for the financing.

Prepared by: Meline Carranza, Debt and Treasury Manager
Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. First Amended and Restated Professional Consultant Services Agreement with CSG Advisors, Inc.
2. First Amended and Restated Professional Consultant Services Agreement with PFM Financial Advisors, LLC