

Central Utah Water Conservancy District
RFP for Professional Financial Advisor Services
Summary of Scores Awarded, Justification Statement, and Applicable Cost-Benefit Analysis

The Board of Trustees awarded a contract for financial advisor services to Lewis Young Robertson & Burningham on April 17, 2019.

Evaluation committee recommendation: Lewis Young Robertson & Burningham (LYRB)
Score received: 94.4 Points

Summary of Scores Awarded:

Offeror Firm A – 94.4 Points

Offeror Firm B – 81.9 Points

Justification Statement:

Criterion 1 – Demonstrated qualifications and ability to provide financial advisor services: LYRB scored 27.5 out of 30 points for this category.

- While all proposals received showed more than acceptable qualifications and expertise, LYRB's qualifications and expertise were rated "above average" or "superior" by all members of the evaluation team and the qualifications and expertise were supported by LYRB oral interviews.
- All members of the support team proposed by LYRB have more than 12 years of experience.
- Both firms had similar services provided.
- The demonstrated qualifications and ability to provide financial advisor services of LYRB's support team will be an advantage to the District.

Criterion 2 – Responsiveness of the work plan: LYRB received 19.4 out of 20 possible points for this section.

- LYRB delivered a well written and concise proposal that showed an understanding of the key issues surrounding the District and were rated "above average" or "superior" by all members of the evaluation team. LYRB oral interview confirmed their understanding of the District's financial matters.
- LYRB included the services provided in the body of the proposal as requested.
- LYRB maintained a professional tone throughout the proposal and oral interviews.
- LYRB answered all the questions in the RFP within the allotted pages.
- The demonstrated responsiveness and professionalism of LYRB's work plan will be an advantage to the District.

Criterion 3 – Past performance: LYRB received 38.7 out of the maximum 40 points possible on this section.

- LYRB was rated as having "above average" to "superior" experience with public water districts of similar size and situation to the District, including with state agencies managing federal water projects. This experience was confirmed in the oral interviews.

- LYRB also has no conflicts of interest or perceived conflicts since the firm only does financial advisory services.
- The demonstrated past performance of LYRB will be an advantage to the District.

Note- Before Criterion 4 was scored, the evaluation committee convened to review their scores considering the oral interviews. Before cost proposals were opened, the committee noted that the difference between LYRB's cumulative technical non-priced criteria score and Firm B's cumulative technical non-priced criteria score exceeded the maximum points possible from criterion 4. It was determined by the committee to open the cost proposals to fully evaluate the proposals.

Criterion 4 – Cost proposal: LYRB received 8.8 out of 10 maximum points possible on its cost proposal. The RFP requested costs of financial services for multiple potential bond sizes and types. Other scope-basis financial advisor services hourly rates were also requested. The procurement officer and the committee used select costs from both the table of potential bond sizes and types and hourly rates from the scope basis to evaluate costs. The costs evaluated were based on historical average bond issuances for each type of bond and past financial advisor projects performed on a scope basis. The difference between LYRB and the lowest cost proposal received was \$81,250 (LYRB \$661,250 compared to Firm B \$580,000) or 14%. Since LYRB's proposal was more than 5% (greater of 5% or \$10,000) higher than that of the lowest cost proposal received, an informal cost-benefit analysis was performed per Utah Code 63G-6a-708. Based on the analysis below, it was determined by the committee that it is in the District's best interest to award the contract to LYRB since they provide the best overall value to District.

Cost-Benefit Analysis:

Although Firm B had the overall lowest priced proposal, the evaluation committee justified that that the difference in cost of \$81,250 (\$16,250 per year for 5 years) is outweighed by the value of the advantages the District would receive of at least \$309,000 (\$61,800 per year for 5 years) for a net benefit of at least \$227,750 (\$45,550 per year for 5 years) by awarding the contract to LYRB. See analysis below:

- With the exception of cost, LYRB scored significantly higher in each of the evaluation criteria 1-3 than did Firm B. LYRB's work plan and related experience better matched the District's needs and therefore will add significant value to the District.
- In relation to criteria 2, The evaluation committee noted that Firm B's proposal was rated near "below average". Although the committee determined that it is not practical to assign a financial value to this evaluation criterion, the committee was concerned with how much it could cost the District (directly or indirectly) if there were a rating decrease or a lack of confidence in the District due to work products and or presentations similar to what the committee reviewed.
- In relation to criteria 3, LYRB had an average rating of almost "superior" whereas Firm B was rated almost "above average." The committee noted that LYRB meets the District's need to have an advisor with extensive experience and successful past performance working for water districts and other similar local or special districts including experience working with federal water projects. LYRB was the District's previous financial advisor,

and the team proposed consists of individuals that the District has worked with in the past. This team has significant institutional knowledge of the District including the history of bond issuances, the intricacies of the federal nature of the unique water projects of the District, and experience with the key issues and planning the District has faced and will face in the future. The Committee acknowledged that there would be significant transition costs in the amount of time required by District staff to educate a new advisor on the history of the District, the complex financial models, and present and future concerns will lead to significant transition costs over the term of the 5 year contract, especially for the first bond issue and long-term financial models. Conservative estimates would be approximately ½ man year (1040 hours) with an average rate of \$200 for firm B and approximately ½ man year (1040 hours) with an average rate of \$98 for District staff with at total estimate of approximately \$309,000.

- Also, in relation to criteria 3- LYRB has worked with federal repayment projects across several different districts, including those of similar size to the District. Federal repayment contract questions, including prepayments of these contracts in the past and in the future, frequently arise during bond issuances. LYRB past performance and knowledge of how the District's contracts with the federal government, knowledge of how the District prepaid the federal government in the past, and LYRB's understanding of how to negotiate future prepayment with the federal government adds significant value to the District. Although the committee determined it was not practical to assign an exact value to this, LYRB was able to help save the District over \$100M on past repayment contracts. The committee determined that LYRB's experience with federal water projects will continue to have significantly positive financial impacts on the District.