



REQUEST FOR PROPOSALS FOR
Comprehensive Development Impact Fee Update

Date Issued: December 17, 2025
Deadline for Submission: January 16, 2026, at 5:00 PM

City of Watsonville
Finance Department
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**City of Watsonville
Request for Proposal
Comprehensive Development Impact Fee Study**

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.

Activity	Date
Request for Proposal Issued	December 17, 2025
Deadline for Submission of Questions	January 9, 2026
Deadline for Proposals (due by 5:00pm)	January 16
Proposals Evaluated	January 19- January 26, 2026
Top-ranking Candidates are interviewed	January 27
First-choice candidate notified	February 5-6
Contract Presented to the Council for Approval	February 24
Project to Commence	March 2

I. INTRODUCTION

The City of Watsonville (“City”) is requesting proposals from qualified firms (“Firms”) to provide objective, independent Development Impact Fee Study for the City.

All questions should be directed in writing to Marissa Duran, Administrative Services Director, at marissa.duran@watsonville.gov. Such contact shall be for clarification purposes only. The City must receive all questions no later than January 9.

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.

Financial Condition & Outlook

The City's Fiscal Year 2025 operating including capital, comprising the General Fund (40%), Special Revenue Funds (14%), Enterprise Funds (29%), and other funds (10%), totaling approximately \$309.5 million. The City maintains various reserves and adopted a balanced budget for Fiscal Year 2025-2026.

III. PURPOSE OF THE REQUEST

The City of Watsonville ("City") requests proposals from qualified consultants to prepare a Nexus Study for development impact fees in compliance with the requirements of the Mitigation Fee Act (also known as "AB 1600," California Government Code Sections 66000 – 66025).

The City seeks proposals to update and replace the current impact fees identified in the "City of Watsonville Annual and Five-Year Report Development Impact Fees Report for Fiscal Year Ending June 30, 2025" ("2025 Annual Report"). It is anticipated that the updated impact fees may be evaluated and completed in phases, and the City will seek recommended approaches from the successful proposer. The City will consider proposals from proposers that include either: (a) an update to the entire scope of public facilities to be funded with impact fees, or (b) an update to one or more types of public facilities for which the proposer has experience and expertise.

As identified in more detail in the 2025 Annual Report, the City is planning to update and replace the following categories of development impact fees: (1) Traffic-related impacts (including citywide, vehicle miles traveled, carbon impacts, and 13 geographical areas); (2) Underground Utilities In-Lieu Fee; (3) Public Facilities (including fire impact fee); (4) Park Land and Improvement Fees (including community center facilities, public art, as well as a replacement of a "Quimby Act" land dedication in-lieu fee with an impact fee); and (5) and Affordable Housing impacts. Additionally, the City is planning to add a Police Impact fee.

The City requests that each proposal include an option to evaluate the feasibility of establishing one or more new fees (e.g., to fund public facilities needed for solid waste collection services), based on projected new development and the proposed improvements to be discussed with the successful Proposer ("Consultant") upon selection.

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. Scope/deliverables
5. Fee Proposal (Lump sum not-to-exceed fee and fee schedule/hourly rates)
6. Other Client Commitments
7. References
8. Professional Services Agreement and Insurance
9. 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.
- The section should also contain the following:
 - i. List of other governmental agencies in California for which the firm is presently under contract, the services provided and cost, and the name of the firm's primary staff member for each. State the qualifications and experience of the firm/individual(s). Please emphasize the specific qualifications and experience with engagements of similar scope and complexity.
 - 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. A list of names and positions of would work with the City of Watsonville and their experience providing relevant, including identification of the Principal-in-Charge and Project Manager/primary point-of-contact. Include each team

member's availability, including all existing committed hours, and the ability of being able to complete the project on time and within budget.

- iv. Provide a detailed description of the approach and methodology to be used to complete this project, showing the flow of various tasks of the work, and demonstrate a clear understanding of the requested services summarized in Section III "Purpose of Statement" above.
- v. Provide confirmation of your firm's ability to meet the draft Professional Services Agreement and insurance requirements. Exceptions to the Agreement and insurance requirements shall be specifically noted in the Proposal

3. Work Plan

- i) The section of the proposal should itemize all data to be provided in carrying out this engagement.
 - a. Conduct a kickoff meeting with City staff to clarify and confirm project goals, timelines, and deliverables. This will include clarification and confirmation of the respective roles of the Consultant and City staff for the preparation of documents related to the Nexus Study, such as the capital improvement plan, resolution adopting the fees, and an ordinance establishing procedural requirements for imposing, collecting, and spending fees.
 - b. Review and analyze relevant City policies and planning documents (e.g., General Plan, capital improvement plans, relevant City ordinances, and documentation of existing impact fees).
 - c. Develop a detailed project work plan, including key milestones and communication protocols (particularly keeping City staff informed of the status of progress). As a part of the project milestones include deliverables (and drafts) that will be provided to City staff for review (including at the Needs Assessment stage, to ensure alignment on City's goals prior to preparation of draft Nexus Study).
- ii) Needs Assessment
 - d. Identify assumptions to be incorporated into the Nexus Study for existing population and existing public facilities and proposed new development projects.
 - e. Evaluate the City's existing public facilities infrastructure and capacities in the context of any existing planning documents and capital improvement plans (as required by Government Code Section 66016.5(a)(6)), and as compared to existing demands for services from existing populations. Identify existing levels of service in accordance with Government Code Section 66016.5(a)), for the public facilities proposed to be funded by impact fees.
 - f. Identify the bases for determining public facility standards for new development and for estimating costs for those public facilities. Consider

relevant City policy documents such as the General Plan. As an example, the nexus study template authorized by Government Code Section 66016.5(a)(9), the “Impact Fee Nexus Study Templates” (dated December 2023 from the Terner Center) identifies the possible use of any one of a demand standard, a design standard, or a cost standard.

- g. Document the existing and proposed new levels of service of public facilities funded by impact fees, including any explanation required by Government Code Section 66016.5(a)(2).
- h. Identify the estimated costs of the public facilities needed to serve new development.

iii) Nexus and Proportionality Analysis

- i. Conduct a nexus analysis to establish the connection between the impacts from new developments on the proposed public facilities, and the benefits received by new developments from the proposed public facilities.
- j. Quantify the proportional share of costs attributable to each category of new development project for each category of public facilities.

iv) Fee Structure Development

- k. Develop a fee schedule for each category of development project based on City standards (e.g., residential, commercial, mixed-use).
- l. Calculate fees based on the nexus and proportionality analysis with charges based per-square-foot of new development (in accordance with Government Code Sections 66016.5(a)(5) and 66324), or based per-unit (to the extent legally justified and recommended).
- m. Compare proposed fees to other similar public agencies with similar types of public facilities funded by development impact fees.

v) Stakeholder Engagement

- n. Facilitate workshops, meetings, or surveys to gather input from key stakeholders, including: developers and property owners, community organizations and businesses, and residents.
- o. Attend and participate in public hearings, including preparation and presentation of a PowerPoint summary of the proposed fees.

vi) Prepare Nexus Study

- p. Develop a Nexus Study in accordance with the Mitigation Fee Act (particularly Government Code Sections 66016.5 and 66001) to document the required bases for the City to impose development impact fees imposed on new development projects.
- q. Description of the overall methodology
- r. Supporting justification
- s. The analysis and calculations that provide each legal nexus between the recommended fee and the impact created by the new development
- t. Prepare summaries of proposed updated or new impact fees to inform the public regarding the proposed fees.

- u. Provide the comparison of similar fees in other similar public agencies.
- v. Prepare and participate in presenting the plan to interested external parties (public meetings).

vii) Implementation Support. Identify proposed supplemental and optional services, such as:

- w. Assist with advice or drafting policies or other documents to implement the Development Impact Fee program.
- x. Provide guidance on establishing a process for fee collection, accounting, and future updates.
- y. Provide City staff with an interactive tool that will ensure predictable and intuitive fees that are easily accessible and understandable to customers interested in calculating fees on their own for a particular type of project

4. 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.

5. 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.

6. 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.

7. 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.

8. 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. Firm's current expertise and experience in qualifications and relevant experience of proposed assigned personnel
3. Organizational skills and knowledge necessary to guide the City through this effort.
4. Completion of similar projects and references.
5. Clear and concise work plan
6. Time required to accomplish the requested service
7. agreement to meet the City's general terms and conditions,
8. 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

Please email an electronic PDF copy, and mail three (3) bound copies of your proposal at your earliest convenience, but no later than Friday January 16, 2026, at 5:00 PM.

Proposals shall be clearly marked "**Comprehensive Development Impact Fee Update**" and enclosed in a sealed envelope. Proposals may be hand delivery or mailed to:

City of Watsonville
Attn: Marissa Duran, Administrative Services Director
250 Main St.
Watsonville, CA 95076

Email an electronic PDF copy to marissa.duran@watsonville.gov

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 7920.000 – 7931.000, 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 Professional Services Agreement