To: Chairman Cook and the VRE Operations Board

From: Doug Allen

Date: January 16, 2015

Re: Authorization to Amend the Financial Advisor Contract and Award a Task Order for the Development of a VRE Financial Plan

Recommendation:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to execute a Task Order in the amount of $200,000 for initial services, $100,000 for ongoing support through the end of the term of the Financial Advisor contract, and a $20,000 contingency, for a total not to exceed amount of $320,000 to the PFM Group, which includes Public Financial Management, Inc. (PFM), for the development of a Financial Plan. The contract for financial advisory services with PFM shall, therefore, be amended to increase the contract value by $200,000 from $200,000 to $400,000 to accommodate this Task Order and other services under the contract.

Background:

On January 17, 2007, Prince William County issued a Request for Proposals (RFP) for the provision of financial advisory services on behalf of the County, PRTC and VRE. On April 20, 2007, the Operations Board authorized the Chief Executive Officer to enter into a contract with PFM for financial advisory services in an amount not to exceed $200,000 for an initial contract term for one year, with nine one-year
options. The contract is based on a per transaction amount for debt issuance and an hourly or project specific fixed cost for financial planning services such as the development of a Financial Plan.

The agenda item for April 20, 2007 states that authorization was requested for an amount not to exceed $200,000, with the proviso that staff would return to the Operations Board for supplemental authorization, as needed. Of the original $200,000, $25,224 has been expended to date.

The development of a Financial Plan for VRE is the next step in the implementation of System Plan 2040. The Financial Plan will be based on a dynamic comparison of our available funding sources and the operating and capital needs associated with a baseline (our current level of service) and two alternatives for the implementation of the System Plan. The analysis will quantify the need for new funding streams and review alternatives. The PFM proposal for the development of this Plan includes the following components:

- The creation of a customized financial model using Future Perfect, PFM’s strategic forecasting system. The model would incorporate VRE’s unique characteristics and funding needs and allow for the creation of multiple scenarios both initially and in the future.
- A two phase analysis, using the baseline level of service and the costs associated with implementation of the System Plan, to identify current sources of funding, funding needs and options for development of additional funding streams.
- Review and refinement of the analysis, based on interaction and feedback from professional staff and the members of the Operations Board.
- Provision of a technical report and presentation on the results of the analysis and PFM’s recommendation of a preferred set of financial plan strategies.
- Consulting services to support on-going use of the Future Perfect model. This will allow for the development of scenarios based on new information; the use of the model for specific purposes that arise, such as support for a federal Core Capacity grant, which requires demonstration of the ability to support the enhanced level of service; and analysis of alternative methods of creating a sustainable ongoing funding stream beyond those initially considered.

VRE staff certifies that PFM’s proposed price for development of a Financial Plan is fair and reasonable based on the cost estimate prepared for this project.

A committee will be formed of VRE, Commission and jurisdictional staff with particular expertise in the areas of financial planning and available grant sources in order to assist VRE in the review of the analysis prepared by PFM. The members of the CAO Task Force will be asked to suggest staff who could serve in this capacity.
**Fiscal Impact:**

The Financial Plan will be funded from the Core Capacity/Project Development project, which was established with $1.5M from the VRE Capital Reserve to provide funding for planning and other analysis required to advance system investments recommended in the System Plan.
Virginia Railway Express
Operations Board

Resolution
10B-01-2015

Authorization to Amend the Financial Advisor Contract and Award a Task Order for the Development of a VRE Financial Plan

WHEREAS, on April 20, 2007, the Operations Board authorized the Chief Executive Officer to enter into a contract with PFM Group, which includes Public Financial Management, Inc. (PFM) for financial advisor services in an amount not to exceed $200,000 for an initial contract term for one year, with nine one-year options, with the proviso that staff would return to the Operations Board for supplemental authorization, as needed; and,

WHEREAS, the contract is based on a per transaction amount for debt issuance or an hourly or project specific fixed cost for financial planning services such as the development of a Financial Plan; and,

WHEREAS, the development of a Financial Plan for VRE is the next step in the implementation of System Plan 2040; and,

WHEREAS, PFM has submitted a Task Order proposal to prepare a Financial Plan, which includes the use of their Future Perfect strategic financial model;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a Task Order in the amount of $200,000 for initial services, $100,000 for ongoing support through the end of the term of the Financial Advisor contract, and a $20,000 contingency, for a total not to exceed $320,000 to the PFM Group, which includes Public Financial Management, Inc. (PFM), for the development of a Financial Plan. The contract for financial advisory services with PFM shall, therefore, be amended to increase the contract value by $200,000 from $200,000 to $400,000 to accommodate this Task Order and other services under the contract.

Approved this 16th day of January 2015

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John Cook
Chairman

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Paul Smedberg
Secretary