Agenda Item 9-A
Action Item

To: Chairman Nohe and the VRE Operations Board
From: Doug Allen
Date: April 20, 2018
Re: Authorization to Issue a Task Order for Financial Modeling Platform

Recommendation:
The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Task Order to PFM Solutions LLC (an affiliate of PFM) for a financial modeling platform in the amount of $245,000, plus a contingency of $7,000 (for two years of an additional seat license if needed), for a total not to exceed $252,000.

Summary:
VRE wishes to migrate to a new, more robust financial modeling platform to support long-term financial planning. Under this task order, PFM will implement their proprietary Whitebirch software platform, which will support a comprehensive update to VRE’s 2040 financial plan as well as decision support for future budget and Capital Improvement Program (CIP) formulation.

Background:
In May 2017, the Operations Board approved a task order contract with PFM for financial advisory services. The term of the contract is for a base period of one year with the option to extend for up to nine additional one-year periods, with an aggregate contract maximum of $300,000. In January 2018, VRE and PFM executed the first task order.
under the contract for $35,000 for support services associated with the refinancing of VRE’s Railroad Rehabilitation and Improvement Financing (RRIF) loan.

Beginning in 2015 under a previous contract, PFM developed and implemented a spreadsheet-based financial modeling platform (called ‘Future Perfect’) to support the financial planning component of VRE’s original 2040 System Plan. This modeling was integral in the financial planning efforts that developed estimates of VRE’s future funding needs under various growth scenarios. That Financial Plan was vital for VRE to fully understand its funding gap and to making the case to stakeholders across the Commonwealth for dedicated funding for VRE.

VRE now wishes to migrate from spreadsheet modeling to PFM’s state-of-the-art ‘Whitebirch’ software platform. Whitebirch is a Java-based customizable modeling platform that combines the flexibility of spreadsheet modeling with stronger access controls and the ability to track and audit changes. The Whitebirch platform also includes advanced reporting and graphing/charting capabilities to assist VRE in analyzing various scenarios and presenting results to the Operations Board, jurisdictional partners, and other stakeholders.

The timing is opportune for migrating to the new modeling platform. A refresh of VRE’s long-term financial projections is needed, including an update to ridership forecasts as well as schedules and funding sources for projects in the CIP. In addition, while unfunded projects in the current CIP represent the most immediate needs to be supported by the anticipated dedicated funding through the Commuter Rail Operating and Capital (CROC) fund, the updated financial model will assist in modeling detailed cashflow needs as well as opportunities to leverage the dedicated funding in conjunction with future grant applications.

The Scope of Services for this task order includes $125,000 for implementation of the Whitebirch financial modeling platform beginning in May 2018 and running through early fall of 2018, as well as two years of access fees ($60,000 per year) for the software, which includes seat licenses for five users.

**Fiscal Impact:**

Implementation of the modeling platform will be funded through VRE’s Capital Planning Fund (CPF), which was created by the Operations Board to support the initial stages of planning and engineering analysis to advance system investments as recommended in the System Plan. The previous work by PFM on the original financial plan was also funded through the CPF. The annual software access fees are provided for in the FY2018 and FY2019 operating budgets.
WHEREAS, in May 2017, the Operations Board approved a task order contract between VRE and PFM for financial advisory services, with a one-year base and nine one-year options, and with an aggregate contract amount not to exceed $300,000; and,

WHEREAS, in January 2018, VRE executed Task Order 1 with PFM for support services related to the RRIF loan refinancing, in an amount not to exceed $35,000; and,

WHEREAS, under a previous contract, PFM developed and implemented a financial modeling platform to support the financial planning component of VRE’s original 2040 System Plan; and,

WHEREAS, VRE wishes to migrate this long-term financial model to PFM’s new modeling platform and to update the ridership, project delivery, and financial assumptions in the model to support ongoing decision-making by staff, Operations Board members, and other VRE stakeholders; 

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a Task Order to PFM Solutions LLC (an affiliate of PFM) for a financial modeling platform in the amount of $245,000, plus a contingency of $7,000, for a total not to exceed $252,000.

Approved this 20th day of April 2018

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Martin Nohe
Chairman

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Maureen Caddigan
Secretary