Agenda Item 9-E
Action Item

To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: July 17, 2020

Re: Authorization to Amend the Contract for Financial Advisory Services

Recommendation:
The VRE Operations Board is asked to authorize the Acting Chief Executive Officer to execute a contract amendment with PFM Financial Advisors LLC (PFM) of Philadelphia, Pennsylvania, for Financial Advisory Services on a task order basis in an amount not to exceed $400,000. This will increase the total authorization for this contract from $300,000 to a total amount not to exceed $700,000.

Summary:
VRE is in need of a range of additional support and analysis from PFM, including treasury consulting services, financial planning and modeling software, and financial advisory services in conjunction with VRE’s planned contribution to the Commonwealth’s Transforming Rail in Virginia program. Additional funding authorization is needed for this task order contract to undertake these important activities.

Background:
In May 2017, the VRE Operations Board authorized the Chief Executive Officer to execute a task order contract with PFM for Financial Advisory Services. PFM was selected through a competitive procurement process in cooperation with Prince William County, the Potomac and Rappahannock Transportation Commission (PRTC), and the Northern Virginia Transportation Authority (NVTA). The Request for Proposals (RFP) specified VRE and PRTC together could select the same or a different financial advisor than the County, and a similar provision applied to the selection of a financial advisor by NVTA. The issuance of the solicitation and the selection process were carried out by
Prince William County in accordance with their procedures and in compliance with the Virginia Public Procurement Act.

The financial advisor is responsible for assisting in the development of financing alternatives; for implementing the chosen alternative; for assisting in managing existing debt; for the development and review of financial policies; and for other consulting services such as the development of financial plans and forecasts. The task order contract with PFM is for one base year and nine option years, with the CEO exercising the option years at his discretion. VRE is currently in the third option year of the contract and to date has expended $290,000 of the original $300,000 of contract authority.

Three initiatives have already been identified that would be supported by the additional contract authority:

- At least two years of software license fees ($60,000 per year) for Synario (formerly Whitebirch), PFM’s proprietary long-range financial planning and analysis software, which VRE has been using to support analysis of Commuter Rail Operating and Capital fund (C-ROC) leveraging, farebox recovery, and other key financial metrics. Synario will support future financial analyses as VRE’s System Plan evolves in response to the Commonwealth’s planned purchase of CSXT right of way, the construction of the new Long Bridge, and other major initiatives.
- A task order for Treasury Management Consulting Services (amount to be determined) to support VRE’s forthcoming RFP for Banking Services. PFM has supported many local governments and districts in Virginia with their solicitations for banking services and can assist in assessment of VRE’s current banking use, RFP development, evaluation of proposals, and final negotiations. Banking technologies and fee structures are changing, and VRE needs expert advice on best practices as well as integration with the ongoing ERP implementation.
- A task order for Financial Advisory Services (amount to be determined) to support VRE’s planned contribution to the Long Bridge project and the Transforming Rail in Virginia program. As described in the approved FY 2021 budget, VRE is contemplating both a pay-as-you-go (cash) contribution and the issuance of debt backed by C-ROC dedicated funds. A financial advisor is necessary to guide VRE through this process and to ensure VRE’s financial and debt management principles are strictly adhered to.

Both the treasury management and financial advisory services related to a potential C-ROC backed debt issuance were not contemplated at the time of the initial contract award. Additional advisory services beyond the initiatives described above may also be needed in the future. VRE Operations Board approval is required prior to award of each task order in excess of the Chief Executive Officer’s spending authority.
**Fiscal Impact:**

Funding is provided for in the FY 2021 budget through the Consulting line item within Finance & Accounting. Funding for future years will be included in each proposed annual budget.
Virginia Railway Express
Operations Board

Resolution
9E-07-2020

Authorization to Amend the Contract for Financial Advisory Services

WHEREAS, in May 2017, the VRE Operations Board authorized the Chief Executive Officer to execute a task order contract with PFM Financial Advisors LLC for Financial Advisory Services with a base period of one year and nine option years, in an amount not to exceed $300,000; and,

WHEREAS, VRE is currently in the third option year of the contract and has expended $290,000 of the original $300,000 of contract authority; and,

WHEREAS, VRE is in need of a range of additional support and analysis from PFM Financial Advisors, including treasury consulting services, financial planning and modeling software, and financial advisory services in conjunction with VRE’s planned contribution to the Commonwealth’s Transforming Rail in Virginia program; and,

WHEREAS, additional funding authorization is needed on the task order contract to undertake these important activities and to support other financial advisory needs that may arise in the future;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby find that, in accordance with amendments adopted on April 22, 2020 to budget bills HB 29 and 30, meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Operations Board to assemble in a single location on July 17, 2020, and that meeting by electronic means is authorized because the items on the July 17, 2020 Operations Board Meeting Agenda are statutorily required or necessary to continue operations of the Operations Board and the discharge of the Operations Board’s lawful purposes, duties, and responsibilities; and further find that meeting by electronic means is authorized because the items on the July 17, 2020 Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by member localities of the Virginia Railway Express Operations Board to assure the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to execute a contract amendment with PFM Financial Advisors LLC of Philadelphia, Pennsylvania, for Financial Advisory Services on a task order basis in an amount not to exceed $400,000, which will increase the total authorization for this contract from $300,000 to a total amount not to exceed $700,000.
Approved this 17th day of July 2020

____________________________________
Gary Skinner
Chairman

______________________________
Jeanine Lawson
Secretary