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**FINANCE AND BUDGET COMMITTEE**  
**JULY 17, 2003**

**Metropolitan  
 Transportation  
 Authority**

One Gateway Plaza  
 Los Angeles, CA  
 90012-2952

**SUBJECT: PS-03-5210-10, FINANCIAL ADVISORY SERVICES,  
 PUBLIC FINANCIAL MANAGEMENT**

**ACTION: AWARD CONTRACT FOR FINANCIAL ADVISORY  
 SERVICES**

**RECOMMENDATION**

Authorize the Chief Executive Officer to award Contract No. PS-03-5210-10 to Public Financial Management for a fixed annual retainer contract amount of \$1,527,270, inclusive of 3 years and 2 one-year options, plus the amount of \$313,095 for task order services and expenses over the life of the contract, for a total contract not-to-exceed amount of \$1,840,365, effective August 1, 2003.

**RATIONALE**

MTA requires the services of a financial advisor to assist with the issuance and management of the MTA's bonds and lease financing, and to assist with the investment of related balances. The MTA has about \$3.7 billion of bonds outstanding in 33 issues. Additionally, the MTA has 4 cross-border leases and 7 domestic leveraged leases. Associated with the various financings there are 4 bank liquidity facilities totaling about \$800 million and 2 interest rate swaps with a notional amount of about \$300 million. The financial advisor additionally assists in monitoring and advising on the investment of the cash balances related to the financings. Investments are primarily related to the approximately \$300 million of debt service that flows through the bond issues each year. The annual retainer covers all debt advisory work and certain periodic investment related tasks. Other ad hoc investment tasks, such as overseeing the selection and documentation process to implement a structured finance product, will be authorized and paid on a task order basis. The contract provides that up to \$60,000 per year is available to fund a combination of direct expenses and task order work.

**FINANCIAL IMPACT**

The funding of \$360,000 for this (product/service) is included in the FY2003-04 budget in cost center number 0521 cost center name Treasury Non-Departmental under project number 610308, project name Debt Service Other. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting the cost in future years, including any option exercised. In FY2002-03, \$270,000 was expended on financial advisory services.

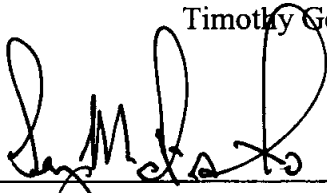
**ALTERNATIVES CONSIDERED**

- An alternative would be to let the existing contract expire without replacement. This alternative is not recommended because MTA would have difficulty efficiently managing its large debt-financing program without the assistance of a well-qualified financial advisor. The advisor provides specific technical and quantitative expertise that would not be practical for MTA to develop or maintain in-house.

**ATTACHMENT(S)**

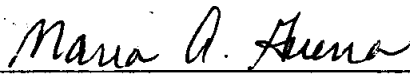
1. Procurement Summary
2. Procurement History

Prepared by: Michael J. Smith, Assistant Treasurer  
Timothy Godfrey, Contract Administrator



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Terry Matsumoto  
Executive Officer, Finance and Treasurer



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*for* Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY  
FINANCIAL ADVISORY SERVICES**

1.	Contract Number: PS-03-5210-10		
2.	Recommended Vendor(s): Public Financial Management (PFM)		
3.	Cost/Price Analysis Information:		
	Proposed Price: \$1,840,365	Recommended Price: \$1,840,365	
	B. Details of Significant Variances are in Attachment A-1.D.		
4.	Contract Type: Fixed Annual Retainer		
5.	Procurement Dates:		
	A. Issued: April 22, 2003		
	B. Advertised: April 30, 2003		
	C. Pre-proposal Conference: A Dial-In Teleconference was held on May 6, 2003		
	D. Proposals Due: May 14, 2003		
	E. Pre-Qualification Completed: June 10, 2003		
	F. Conflict of Interest Form Submitted to Ethics: June 18, 2003		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No goal recommended	Date Small Business Evaluation Completed: N/A	
	Small Business Commitment: 0%		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 15	Bids/Proposals Picked up: 0	Bids/Proposals Received: 2
8.	Evaluation Information:		
	A. <u>Bidders/Proposers Names:</u>	<u>Bid/Proposal Amount **:</u>	<u>Best and Final Offer Amount:</u>
	Columbia Capital Management	\$1,458,545	
	Public Financial Management	\$1,840,365	
	B. Evaluation Methodology: Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date:		
	B. Protest Receipt Date:		
	C. Disposition of Protest Date:		
10.	Contract Administrator: Timothy Godfrey	Telephone Number: 922-2839	
11.	Project Manager: Mike Smith	Telephone Number: 922-4042	

**BOARD REPORT ATTACHMENT A-1  
PROCUREMENT HISTORY  
FINANCIAL ADVISORY SERVICES**

**A. Background on Contractor**

Public Financial Management (PFM) is a national financial consulting firm that works almost exclusively with state and local governments. PFM is headquartered in Philadelphia, PA and has 21 offices throughout the United States, including 3 offices in California (Newport Beach, San Francisco, and Sacramento). PFM has extensive experience with the MTA and other California and national transportation agencies, which includes Metrolink, San Diego Association of Governments, San Francisco County Transportation Authority, Metropolitan Transportation Commission, San Francisco Bay Area Rapid Transit District, Alameda Corridor Transportation Authority and others. PFM was awarded MTA Contract No. PS-5210-0631, which ended on March 14, 2003, as a result of a competitive selection process. They have provided satisfactory services to the MTA

**B. Procurement Background**

This is a competitive best value procurement that was initiated under Request for Proposal (RFP) No. PS-03-5210-10 issued on April 22, 2003.

The Diversity & Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise (SBE) participation goal for this procurement.

**C. Evaluation of Proposals**

In accordance with MTA Procurement Policies and Procedures, the Source Selection Committee (SSC) conducted a comprehensive evaluation of the two proposals received from: Public Financial Management (PFM) and Columbia Capital Management, LLC, based on the evaluation criteria stated in the RFP.

For each of the proposals, the SSC evaluated the experience of the company, experience of personnel to be assigned to the project, past performance and price reasonableness, to determine the combination of price and experience that that would be most advantageous to the MTA. Based on this analysis, the proposal submitted by PFM was determined to provide the best value to MTA, price and all other factors considered.

**D. Cost/Price Analysis Explanation**

The proposed amount of **\$1,527,270** is considered to be fair and reasonable, based on adequate price analysis, comparison of proposed price with the independent cost estimate, and the experience of the firm and the staff to be assigned to the MTA contract. This amount represents the sum total amount of the proposed annual retainer fees. The total contract value of **\$1,840,365** is computed, using the annual retainer fees plus an amount for task order services and expenses, as shown in the table below:

<u>Description</u>	<u>Public Financial Mgmt, Inc.</u>	<u>Task Order Work and Expenses</u>	<u>Estimated Contract Value</u>
Retainer Fee Year 1	\$ 300,000	\$ 60,000.00	\$ 360,000.00
Retainer Fee Year 2	\$ 300,000	\$ 60,000.00	\$ 360,000.00
Retainer Fee Year 3	\$ 300,000	\$ 60,000.00	\$ 360,000.00
Retainer Fee Option Year 4	\$ 309,000	\$ 65,564.00	\$ 374,564.00
Retainer Fee Option Year 5	\$ 318,270	\$ 67,530.53	\$ 385,800.53
<b>Total</b>	<u>\$ 1,527,270</u>	<u>\$ 313,095</u>	<u>\$ 1,840,365</u>

Rates for the first year, as well as option years 2 and 3 are fixed. Pricing for option years 4 and 5 shall be calculated using the base rate, and the Consumer Price Index (CPI) escalation factor for the Los Angeles-Riverside-Orange County area, capped at 3%.

**BOARD REPORT ATTACHMENT A-2**  
**LIST OF SUBCONTRACTORS**

PRIME CONTRACTOR – Public Financial Management

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment

No goal recommended