

**MOTION NO. M2012-09**
**Contract for Financial Forecasting and Modeling Services**

<b>MEETING:</b>	<b>DATE:</b>	<b>TYPE OF ACTION:</b>	<b>STAFF CONTACT:</b>	<b>PHONE:</b>
Operations and Administration Committee	03/01/12	Final Action	Brian McCartan, Executive Director FIT <b>Pete Rogness, Director, Budget &amp; Financial Planning</b>	206-398-5100  206-398-5102

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a five-year contract with Parsons Brinkerhoff to provide financial forecasting and modeling services for a total authorized contract amount not to exceed \$325,000.

**KEY FEATURES**

- Under this contract, Parsons Brinkerhoff would provide forecasting services on an annual basis for long-range financial planning.
- This contract also includes financial planning and modeling services to assist Sound Transit with maintaining the agency's financial model, other supporting financial models, and in the development of total cost of ownership estimating tools and processes. This work would only be on an as-needed basis.
- The contract is for a period of five years. The contract amount covers all five years of the contract.
- Funding for these services is assumed in the agency's financial plan and will be budgeted within each year's staff budget.

**PROJECT DESCRIPTION**

Sound Transit maintains a long-range financial plan which is updated annually to validate and confirm the adequacy of funding available to construct, operate and maintain transit programs approved by voters. In addition to updating budgets and cost estimates for future capital and operations, each year the economic forecasts for tax revenues and cost inflation are updated.

**FISCAL INFORMATION**

(in \$1,000)

	(A)	(B)	(C)	(D)
	Adopted 2012 Budget	Spent to date in 2012	Contract Expenditures 2012	Remaining 2012 Budget
Current Year Budget				
FIT - Consulting Services	1,940.00	5.00	29.00	1,906.00
Total	1,940.00	5.00	29.00	1,906.00

**Budget Shortfall**

Level	Shortfall	Resources	Funding Source
N/A	-	-	N/A

Contract Spending Plan	Prior Year(s) Spending	2012 Spending	Future Expenditures	Total
Parsons Brinkerhoff	-	29.00	296.00	325.00

Contract Budget	Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Parsons Brinkerhoff	-	-	325.00	325.00
Contingency	-	-	-	-
Total Contract	-	-	325.00	325.00
Percent Contingency	-	-	0%	0%

**Notes:**

The anticipated 2012 expenditure for this contract is \$29,000 and will be used for financial forecasting work. There is an additional \$27,500 available for financial modeling services in 2012, if needed.

**SMALL BUSINESS PARTICIPATION**

Goal: 0%  
Commitment: 0%

While Sound Transit has not established a goal for Small Business utilization, Parsons Brinkerhoff is expected and encouraged to identify and seize opportunities to engage Small Business participation, and to afford equal opportunity for that participation, including joint venture proposals.

**EQUAL EMPLOYMENT WORKFORCE PROFILE**

4,896 employees; 31% women; 28% minorities.

**BACKGROUND**

Since 1997, Sound Transit has maintained a team of financial advisory firms to provide, on an on-call basis, specialized services in the areas of debt management, investment management, transit and financial planning and innovative financing transaction. This approach has proven effective at providing the agency focused, expert consultant services in key areas.

In November 2011, Sound Transit issued a Request for Proposal (RFP) for financial advisory contracts. The RFP included services in:

- Financial forecasting;
- Transit financial planning and modeling; and
- Total Cost of Ownership financial planning and modeling.

The agency received five proposals in total. Staff intends to sign two contracts in addition to this contract with firms that participated in the RFP. The chief executive officer will execute contracts with Raul V. Bravo & Associates, Inc. and Dick Conway & Associates for dollar amounts that are within the CEO's authority.

Parsons Brinkerhoff is one of the country's leading independent consulting firms with extensive mass transit experience, both nationally and in the Puget Sound region. They have previously provided similar services to the agency. In 2007 and 2008, while assisting the agency in developing the Roads and Transit and ST2 programs, they worked with staff to rebuild the agency's financial model "from the ground up." Subsequently, in 2008, they were selected to serve on the financial advisory team by Sound Transit through a competitive procurement process.

Financial forecasting will occur mid-year to update the Agency's financial plan. The financial plan is presented to the Board in the fall as part of the Budget process. Work on transit financial planning and modeling and total cost of ownership financial planning and modeling will only occur on an on-call basis as needed by the agency. It will typically be focused on specific, highly technical areas in support of work that agency staff is undertaking.

## **ENVIRONMENTAL COMPLIANCE**

Jl 1/12/2012

## **PRIOR BOARD/COMMITTEE ACTIONS**

None.

## **TIME CONSTRAINTS**

A one month delay would not have an adverse impact.

## **PUBLIC INVOLVEMENT**

Not applicable to this action.

## **LEGAL REVIEW**

JW 2/22/12

## **MOTION NO. M2012-09**

A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a five-year contract with Parsons Brinkerhoff to provide financial forecasting and modeling services for a total authorized contract amount not to exceed \$325,000.

### **BACKGROUND:**

Since 1997, Sound Transit has maintained a team of financial advisory firms to provide, on an on-call basis, specialized services in the areas of debt management, investment management, transit and financial planning and innovative financing transaction. This approach has proven effective at providing the agency focused, expert consultant services in key areas.

In November 2011, Sound Transit issued a Request for Proposal (RFP) for financial advisory contracts. The RFP included services in:

- Financial forecasting;
- Transit financial planning and modeling; and
- Total Cost of Ownership financial planning and modeling.

The agency received five proposals in total. Staff intends to sign two contracts in addition to this contract with firms that participated in the RFP. The chief executive officer will execute contracts with Raul V. Bravo & Associates, Inc. and Dick Conway & Associates for dollar amounts that are within the CEO's authority.

Parsons Brinkerhoff is one of the country's leading independent consulting firms with extensive mass transit experience, both nationally and in the Puget Sound region. They have previously provided similar services to the agency. In 2007 and 2008, while assisting the agency in developing the Roads and Transit and ST2 programs, they worked with staff to rebuild the agency's financial model "from the ground up." Subsequently, in 2008, they were selected to serve on the financial advisory team by Sound Transit through a competitive procurement process.

Financial forecasting will occur mid-year to update the Agency's financial plan. The financial plan is presented to the Board in the fall as part of the Budget process. Work on transit financial planning and modeling and total cost of ownership financial planning and modeling will only occur on an on-call basis as needed by the agency. It will typically be focused on specific, highly technical areas in support of work that agency staff is undertaking.

### **MOTION:**

It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a five-year contract with Parsons Brinkerhoff to provide financial forecasting and modeling services for a total authorized contract amount not to exceed \$325,000.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on March 1, 2012.

  
\_\_\_\_\_  
Paul Roberts  
Operations and Administration Committee Chair

ATTEST:

  
\_\_\_\_\_  
Marcia Walker  
Board Administrator