

MOTION NO. M2018-64
Ratify a Contract Increase for Public Private Partnership Advisory Services

| MEETING: | DATE: | TYPE OF ACTION: | STAFF CONTACT: |
|-----------------|--------------|------------------------|--|
| Board | 05/24/2018 | Final Action | Don Billen, Executive Director, PEPD Matt Shelden, Director, Planning & Innovation |

PROPOSED ACTION

Ratifies an increase to the contract with Ernst & Young Infrastructure Advisors, LLC to provide public private partnership advisory services in the amount of \$160,000, for a total authorized contract amount not to exceed \$560,000.

KEY FEATURES SUMMARY

- The original contract was executed in the amount of \$400,000 pursuant to Motion M2017-86.
- Ernst & Young Infrastructure Advisors (EYIA) is one of three contractors providing advisory services to assist the agency in evaluating opportunities for public private partnerships (P3) to improve the delivery of the agency's capital program.
- The additional \$160,000 will allow Sound Transit to pay for work that was requested prior to acquiring additional contract authority.
- EYIA has partially completed work under their latest task order and has incurred cumulative costs that exceed the original \$400,000 contract, but cumulative payments have not exceeded current contract authority.
- Further work has been halted until additional contract authority is approved.

BACKGROUND

EYIA has been providing on-call P3 advisory services to Sound Transit since mid-2017. EYIA is one of three firms contracted to provide these services; KPMG and Hatch are performing other tasks under separate contracts. To date, EYIA has assisted Sound Transit in:

- screening its capital programs for potential P3 opportunities;
- analyzing cash flows and acceleration options to identify financial impacts;
- developing P3 options for the ST3 bus rapid transit (BRT) program;
- performing industry outreach; and
- developing potential business cases for procuring BRT program elements through P3

This work was authorized in stages between June 2017 and January 2018 via four separate task orders. EYIA's budget for Task Order 4 was inadvertently authorized in January 2018 for more than remained under the total contract. This error was identified in April 2018, after much of the work authorized under the task order was completed and charges had exceeded the authorized contract budget. Identification of the error was delayed by the transition of project management for P3 from the Finance and Information Technology department (FIT) to the Planning, Environment and Project Development department (PEPD) in February 2018. The \$160,000 requested will allow completion of the work authorized to date, but any further work by EYIA would require further amendment of their contract. KPMG and Hatch are also available and have remaining budget available for further P3 advisory work.

PROCUREMENT INFORMATION

In February 2017, the agency issued an RFP for P3 Advisory Consulting Services. Sound Transit received 10 proposals. All 10 proposals were evaluated based on the advertised evaluation criteria which included firm and key individual experience, project organization, EEO compliance, partnership strength, and price. The evaluation committee evaluated all 10 proposals and determined that EYIA, KPMG, and Hatch submitted the three best value proposals. Sound Transit subsequently contracted separately with all three firms.

FISCAL INFORMATION

The proposed ratification with Ernst & Young Infrastructure Advisors, LLC (EYIA) for \$160,000 that provides public private partnership advisory services will be funded from the Services category within the Planning Environmental & Project Development (PEPD) department's annual operating budget. The Service category budget is \$778,369 of which a total of \$500,000 is estimated to be spent in the current year for the contract and is within the agency's budget authority.

After approval of this ratification, the remaining annual budget amount will be used to fund other department expenditures anticipated in the 2018 annual budget.

Funding for the additional years of the contract will be included in future annual budget requests.

PEPD Department
(in thousands)

| Cost Category | 2018 Annual Operating Budget | Actuals to Date | This Action | Actuals to Date Plus Action | Remaining Annual Operating Budget |
|--------------------------------------|------------------------------|-----------------|--------------|-----------------------------|-----------------------------------|
| Salaries and Benefits | \$12,220 | \$3,073 | \$ | \$3,073 | \$9,147 |
| Services | 778 | 45 | 500 | 545 | 233 |
| Materials and Supplies | 10 | 4 | | 4 | 6 |
| Miscellaneous | 127 | 23 | | 23 | 104 |
| Leases and Rentals | 2 | | | | 2 |
| Total Annual Operating Budget | \$13,137 | \$3,145 | \$500 | \$3,645 | \$9,491 |

| Contract Spending Plan | Prior Year Spending | Forecast 2018 Spending | Future Expenditures | Total |
|------------------------|---------------------|------------------------|---------------------|-------|
| EYIA, LLC | \$ | \$500 | \$60 | \$560 |

| Contract Detail | Board Approved Contract Value | Contract Actuals to Date | Proposed Action | Proposed Revised Board Approved Contract Value |
|--------------------------------|-------------------------------|--------------------------|-----------------|--|
| EYIA, LLC | | | | |
| Contract | \$400 | \$160 | \$160 | \$560 |
| Contingency | - | - | - | - |
| Contract Amount - Total | \$400 | \$160 | \$160 | \$560 |
| Percent Contingency | 0% | 0% | 0% | 0% |

Notes:

PEPD budget is located on page 31 of the Adopted 2018 Budget book.

SMALL BUSINESS/DBE PARTICIPATION, AND APPRENTICESHIP UTILIZATION

Not applicable to this action.

PUBLIC INVOLVEMENT:

Not applicable to this action.

TIME CONSTRAINTS

A one-month delay would delay payment to the contractor for work already performed.

PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2017-86: Authorized the chief executive officer to execute a contract with Ernst & Young Infrastructure Advisors, LLC to provide public private partnership advisory services for a total authorized contract amount not to exceed \$400,000.

ENVIRONMENTAL REVIEW

KH 5/16/2018

LEGAL REVIEW

AJP 5/18/2018

MOTION NO. M2018-64

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing ratifying an increase to the contract with Ernst & Young Infrastructure Advisors, LLC to provide public private partnership advisory services in the amount of \$160,000, for a total authorized contract amount not to exceed \$560,000.

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MOTION:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the increase to the contract with Ernst & Young Infrastructure Advisors, LLC to provide public private partnership advisory services in the amount of \$160,000, for a total authorized contract amount not to exceed \$560,000 is ratified.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 24, 2018.



Ron Lucas
Board Vice Chair

ATTEST:



Kathryn Flores
Board Administrator