

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING	)	RESOLUTION NO. 02-3184
THE RELEASE OF REQUEST FOR	)	Introduced by Mike Burton
PROPOSALS #02-1022-ASD FOR	)	Executive Officer
FINANCIAL ADVISORY SERVICES	)	

WHEREAS, Metro periodically issues debt for the purpose of financing various operations; and

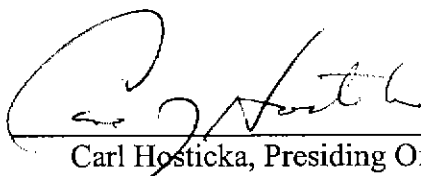
WHEREAS, Metro utilizes the expertise of financial advisors to obtain the most favorable terms and conditions for managing its debt; and

WHEREAS, the current personal services agreement with Western Financial Group has been in effect since July 1, 1999 and will expire on June 30, 2002, now, therefore,

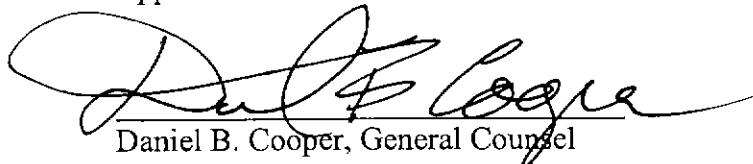
BE IT RESOLVED,

That the Council authorizes release of a Request for Proposals to solicit Financial Advisory Services from the period July 1, 2002 through June 30, 2005, attached as Exhibit A to this resolution, and authorizes the Executive Officer to execute a contract with the most responsive, responsible proposer.

ADOPTED by the Metro Council this 16<sup>th</sup> day of May, 2002.

  
Carl Hosticka, Presiding Officer

Approved as to Form:

  
Daniel B. Cooper, General Counsel

**REQUEST FOR PROPOSALS  
METRO  
FINANCIAL ADVISORY SERVICES**

**I. INTRODUCTION**

Metro is requesting proposals from qualified firms to perform financial advisory services for a period of three (3) years starting July 1, 2002. Details concerning this request and Metro's requirements are contained in this Request for Proposals.

**II. BACKGROUND**

Metro, the nation's only elected regional government, is responsible for a broad range of services. According to Metro's Charter, approved by voters in 1992, Metro has primary responsibility for regional land-use and transportation planning, and is further empowered to address any other issue of "metropolitan concern."

Metro is governed by a seven-member Council, with Councilors elected to four-year terms from single member districts. The Council annually elects a Presiding Officer from among its members. The agency is administered by an Executive Officer, elected region-wide. There is also a regionally elected Auditor. The voters of the region approved a Charter amendment in 2000, which eliminates the position of Executive Officer and establishes a Council President position. The Council President will preside over Council meetings, and be responsible for administration of Metro. The Council will consist of the President and six Councilors elected from districts. This change takes effect in January 2003.

Metro provides regional land-use, growth management, and environmental planning, as well as regional transportation planning throughout the Portland metropolitan area. Currently Metro owns and operates the Oregon Zoo, the Oregon Convention Center, and the Portland Exposition Center (Expo Center). Metro also operates the Portland Center for the Performing Arts. Metro is responsible for disposal of the region's solid waste. Metro operates regional parks, marine facilities, a public golf course, and pioneer cemeteries located within Multnomah County, and owns and manages over 7,000 acres of open spaces. A more detailed description of Metro services may be found in Attachment A to the Request for Proposal.

Financial Structure

Metro evolved out of a special district structure and, as functions were added, they brought with them dedicated revenue sources. Accordingly, fees and charges for service fund most of Metro's operations. Metro has a relatively modest General Fund that is used to support general government functions and provide transfers to departments for non-self-supporting activities.

In the FY 2002-03 proposed budget, Metro projects \$157,905,327 in operating resources (excluding fund balances, bond proceeds, and interfund transfers). Of this amount, \$92,160,705, or 58 percent, comes from enterprise revenues. The balance of Metro's operating resources in FY 2002-03 will come from property taxes (16 percent), grants (10 percent), excise taxes (6 percent), intergovernmental transfers (6 percent), and all other sources (4 percent).

### Debt

Metro has a relatively low level of outstanding debt. Metro's outstanding debt includes eleven debt issues, one capital lease, and one energy conservation loan.

Five series of Metro general obligations bonds outstanding are:

- General Obligation Refunding Bonds (Convention Center), 2001 Series A
- General Obligation Bonds (Open Spaces)
  - ◊ 1995 Series A
  - ◊ 1995 Series B
  - ◊ 1995 Series C
- Oregon Zoo Great Northwest Project, 1996 Series A

There are two issues of Metro solid waste revenue bonds outstanding. The original series was issued in 1990 and was partially refunded by a second series in 1993. These two issues are repaid from solid waste revenues.

The Metro Regional Center general revenue refunding bonds were issued in 1993 to refund bonds issued to build the Metro headquarters building. These bonds are backed by a pledge of Metro's general revenue authority and are repaid from assessments against all departments occupying the Metro Regional Center.

Compost Project revenue bonds were issued for Riedel Oregon Compost Company, Inc., to pay a portion of the cost of the North Portland compost facility. Riedel's successor firm pays debt service.

Two loans from the Oregon Economic Development Department, Special Public Works Fund (SPWF), were made to finance reconstruction of the Washington Park parking lot serving the Oregon Zoo to accommodate a light rail station and to finance construction of a new exhibit hall (Hall D) at the Expo Center.

### III. SCOPE OF WORK

All work of the financial advisor will be coordinated through the Financial Planning Manager. Principal contacts will include the Chief Financial Officer and key staff personnel of the operating department for which a project is undertaken.

The selected financial advisor will be required to be able and available to perform the following:

#### A. Bond Debt Administration and Support

1. Provide services related to bond sales, such as assistance in preparation of preliminary and final official statements, scheduling and structuring sales/instruments, helping to negotiate bond sale terms and conditions, and contact with rating agencies.
2. Identify options for debt issuance and alternative financing strategies.
3. Make presentations to the Metro Council, Council committees, bond counsel, and/or staff as needed.
4. Advise Metro as needed in post-sale administration of debt proceeds.
5. Monitor outstanding debt for refunding and restructuring opportunities to reduce debt service and improve project management.
6. Recommend agency-wide debt management and financial policies.

#### B. Metropolitan Exposition-Recreation Commission

1. Advise Metro and the Commission regarding alternative financing strategies for capital improvements in facilities operated by the Commission (Oregon Convention Center, the Portland Center for the Performing Arts, and the Expo Center).
2. Advise Metro and the Commission on future financing plans for ongoing operations of its facilities. Possible new debt issues include: refurbishment/enhancement of the Expo Center and capital improvements at the Portland Center for the Performing Arts.

#### C. Oregon Zoo

1. Analysis of long-range funding options for Zoo operations.

D. Regional Environmental Management

1. Provide market checks for the department's disposal contract.
2. Analysis of possible rebids of, or extensions to, Metro's contract for operation of its two transfer solid waste stations.
3. Provide other financial consulting services on the department's disposal, transportation and operations contracts.
4. Advise on solid waste rate-setting methodologies and funding alternatives.
5. Advise on the department's reserve fund policies and funding levels.

E. General Government Financial Advice

1. On request, assist Metro with its investment policies.
2. Assist Metro in the coordination, preparation and update of long-range financial and capital improvement plans. Assist in establishing and monitoring financial indicators and in reviewing and updating agency financial policies.
3. Assist Metro in researching and analyzing various ongoing funding and financing alternatives. Provide assistance with identifying, researching, and implementing new funding sources under Metro's home rule charter.
4. Assist Metro on certain other matters which may come to Metro's attention which would require the expertise of a financial consultant.

F. Additional Projects

It is expected that financial advice will be required on some of the following projects and potential projects.

1. Regional Transportation and Growth Management planning funding.
2. Regional Parks funding for operations, capital improvements, and purchase of lands. Operations include landbanking and operations of lands acquired under Metro's 1995 Open Spaces bond measure.

**IV. SPECIAL CONSIDERATIONS**

A. Conflicts of Interest

1. Proposers must either certify that no actual or potential conflicts of interest exist at the time of submittal of their proposal, or if such conflicts do exist, they must be disclosed.
2. Metro will require its financial advisor to disclose any actual or potential conflict of interest that may arise at any time during this engagement.

3. The successful proposer will be required to agree to refrain from any underwriting or trading of Metro debt, or debt secured in whole or part by Metro, or debt issued to finance (in whole or part) loan agreements or other financial arrangements with Metro.

**B. Arbitrage/Rebate Management Services**

Metro currently has a contract with Arbitrage Compliance Services for arbitrage/rebate management services. Both the provider of financial advisory services and arbitrage/rebate management services will be required to coordinate their advice and services to the extent practical.

**V. PROPOSAL INFORMATION**

Proposals must be received at the business office of Metro, Administrative Services Department, Financial Planning Division, 600 NE Grand Avenue, Portland, Oregon 97232, to the attention of Casey Short, Financial Planning Manager, no later than 3:00 p.m., PDT, Friday, May 31, 2002.

Proposals should be submitted in ten (10) copies, printed on recycled paper and recycled materials.

The contract period will be from July 1, 2002, through June 30, 2005.

**VI. CONTENTS OF PROPOSAL**

Proposals must address the following points and should be organized into separate sections, clearly identified according to this outline, to facilitate Metro's review.

**A. Qualifications of the firm**

1. Organization.
2. Staff assigned (include resumés).
3. Other professional resources.
4. Technical support resources and services.

**B. Experience of the firm**

1. List your most recent financial advisory relationships. Please include the names, addresses, and phone numbers of contact persons. Briefly describe the work performed, including the dollar amount of the issues or other financings.

2. Describe your firm's past experience with similar type of work, as described in the Scope of Work, for government agencies. Specifically address the following types of enterprises:
  - General government (including transportation and land use planning, parks, and central administrative services)
  - Solid waste disposal
  - Zoos or other paid tourist attractions
  - Convention/exposition/performing arts
3. Outline your firm's experience with the major rating agencies. Discuss this experience and its potential applicability to Metro.
4. Describe any innovations you have developed or worked on which would benefit Metro. Briefly outline the problem, your solution and the results.
5. Please attach a recent representative example of a municipality's official statement for which you acted as financial advisor.

**C. Compensation**

List the proposed fee schedule for the work proposed. If the firm proposes that Metro bear the costs of incidental expenses (including travel expenses), clearly state what type of incidental expenses Metro will be expected to bear. The firm should submit a proposal on a time and materials basis with a not-to-exceed price stated for the proposal. Hourly rates of the personnel assigned to the project should be provided.

- D. Statement regarding actual or potential conflicts of interest (see IV. Special Considerations, above).**

**VII. OTHER INFORMATION**

**A. Basis for Proposals**

This RFP represents the most definitive statement Metro will make concerning the information upon which proposals are to be based. Any verbal information that is not contained in this RFP will not be considered by Metro in evaluating the proposals. All questions relating to the RFP must be submitted in writing to Casey Short, Financial Planning Manager. Any questions which in the opinion of Metro warrant a written reply or RFP amendment will be furnished to all parties receiving a copy of this RFP. Metro will not respond to questions received after 5:00 p.m., Wednesday, May 22, 2002.

**B. Minority Business Program**

In the event that any subcontracts are to be utilized in the performance of this agreement, the proposer's attention is directed to the provisions of Metro Code section 2.04.100. Copies of that document are available from the Risk and Contracts Management Division of the Administrative Services Department, Metro, Metro Regional Center, 600 NE Grand Avenue, Portland, OR 97232, or call (503) 797-1816.

**VIII. GENERAL PROPOSAL AND CONTRACT CONDITIONS**

- A. Limitation and Award – This Request for Proposals does not commit Metro to the award of a contract, nor to pay any costs incurred in the preparation and submission of proposals in anticipation of a contract. Metro reserves the right to accept any or all proposals received as the result of this request, to negotiate with all qualified sources, or to cancel all or part of this RFP.
- B. Contract Type – Metro intends to award a personal services contract with the selected firm for this project. A copy of the standard contract form which the successful consultant will be required to execute is attached.
- C. Billing Procedures – Proposers are informed that the billing procedures of the selected firm are subject to the review and prior approval of Metro before reimbursement of services can occur. A monthly billing, detailing specific projects, staff time and expenses charged to those projects, and a progress report, will be required.
- D. Validity Period and Authority – The proposal shall be considered valid for a period of at least ninety (90) days and shall contain a statement to that effect. The proposal shall contain the name, title, address and telephone number of an individual or individuals with authority to bind any company contacted during the period in which Metro is evaluating the proposal.

**IX. EVALUATION CRITERIA**

Firms responding to the Request for Proposals will be evaluated on the basis of the following:

- A. General (15 points)
  - 1. Organization of proposal.
  - 2. Responsiveness to the purpose and scope of services.



3. Use of subconsultants and compliance with Metro's Disadvantaged Business Program, if appropriate.
- B. Personnel (30 points)
1. Experience and qualifications of personnel assigned to this project.
  2. Ease of access to assigned personnel and their availability for consultation and meetings on short notice.
  3. Additional professional and technical resources available.
- C. Organization and Experience of Firm (30 points)
1. Qualifications of the firm to address Metro's potential projects and issues of concern to Metro.
  2. Past experience with similar type of work for government agencies and/or special districts.
  3. Previous experience with the major rating agencies.
  4. Favorable references from previous financial advisory relationships.
- D. Cost of services (25 points)

Metro may invite the highest ranking proposers to an on-site interview in June.

All firms submitting proposals will be notified when a consultant has been selected. Metro reserves the right to reject any or all proposals, to waive irregularities and technicalities and to accept the proposal deemed most advantageous to Metro.

#### Notice to Proposers – Standard Agreement

The attached personal services agreement is a standard agreement approved for use by the Metro General Counsel. This is the contract the successful proposer will enter into with Metro; it is included for your review and comment prior to submitting a proposal.

## ATTACHMENT A

### **METRO SERVICES**

#### Regional Growth Management and Transportation Planning

The mission of the Planning Department is to plan for and seek to implement model land use and transportation programs to address the needs of the region and to protect its livability, especially in the areas of regional transportation, air and water quality, and land use. This department, which has an FY 2002-03 budget of \$21 million, has grown to meet the demands and pressures of population growth in the region. Projections show that an estimated 700,000 new people will be coming into the four-county metropolitan region in the next 20 years.

##### *Major Planning Programs*

- Growth Management
- Regional Framework Plan implementation
- Urban Growth Boundary maintenance
- Regional Land-Use Policy implementation
- Regional transportation planning
- Regional population and employment growth pattern estimates and resulting impact on travel demands
- Long-term Regional High-Capacity Transit System Plan development
- Transit-Oriented Development
- Designated metropolitan planning organization to secure and allocate federal highway and transit funds, provide forums for coordination and decision making with state, regional and local government staff, elected representatives and citizens

#### Regional Parks and Greenspaces

The Regional Parks and Greenspaces Department was created in January 1994 with the transfer of parks functions from Multnomah County. Its FY 2002-03 proposed budget is \$25.4 million. The department provides both an operational arm and a planning function to protect and care for the public's investment in park lands and facilities. Passage of an Open Spaces Program bond measure of \$135.6 million added a significant component to the department's responsibilities.

- Mission: create a cooperative regional system of natural areas, open spaces, trails, parks and greenways for wildlife and people in the metropolitan area
- Operation of 21 regional parks and natural areas as well as 14 pioneer cemeteries visited by more than one million visitors annually
- Management of over 7,000 acres of regionally significant open spaces
- Management and operation of the regional parks facilities transferred to Metro from Multnomah County in January 1994
- Coordination and involvement of local governments
- Planning and capital development of park facilities.

### Oregon Zoo

Metro owns and operates a 64-acre zoo. This facility is a major cultural, educational and recreational attraction drawing visitors from throughout Oregon and the Pacific Northwest. Average annual attendance exceeds 1,000,000 persons.

The Zoo is the largest paid tourist attraction in Oregon. Zoo visitors help support the facility through paid admissions, zoo memberships, train tickets, gift shop and food service purchases and donations. At least half of Zoo revenues are from non-tax sources. The Zoo's FY 2002-03 proposed operating budget amounts to \$28.5 million.

- Mission: Provide visitors a unique educational and recreational opportunity to experience wildlife in a naturalistic setting and to learn to “care now for the future of life”

### Metropolitan Exposition-Recreation Commission

The commission, established in 1987, is the operating arm for Metro’s exposition and spectator facilities, including the Oregon Convention Center, the Expo Center, and the Portland Center for the Performing Arts. The Portland Center for the Performing Arts was transferred to Metro’s management from the city of Portland in 1990, when the convention center opened. Management of the Expo Center was transferred to Metro from Multnomah County in January 1994. The Metro E-R Commission oversees operations. Seven commissioners are appointed by Metro to serve four-year terms. Clackamas, Multnomah, and Washington counties and the City of Portland nominate five of the seven appointees. The Metro Council approves the commission’s budget, which is proposed to be \$82.3 million for FY 2002-03. The budget includes \$43.1 million for operations, and \$39.2 million in capital funds, with the majority of the capital funding for an expansion of the Oregon Convention Center scheduled to open in April 2003.

### Regional Environmental Management

Metro is responsible for managing the disposal of approximately 1.3 million tons of solid waste per year. Metro’s responsibilities include regional solid waste management planning, owning and operating two solid waste transfer stations, collection and disposal of household hazardous waste, implementing disposal enforcement programs, regulating privately-owned disposal facilities, monitoring and maintaining two closed landfills, and providing recycling promotion, education and local assistance programs.

Metro, through its operations, directly handles approximately 600,000 tons of waste each year. To accomplish this, Metro owns and contracts the operation of two transfer stations, the Metro South and Metro Central stations, which include two household hazardous waste facilities. The transfer station waste is sent to the privately owned Columbia Ridge Landfill in Gilliam County, Oregon, with which Metro has a long-term contract. In addition to the Metro-owned transfer stations, there are four privately owned and operated transfer stations serving the region. Together, these private transfer stations handle approximately 250,000 tons of putrescible waste

per year. (The balance of the 1.3 million regional tons is comprised of non-putrescible wastes that are handled by a variety of different solid waste facilities.)

Funding for solid waste operations is paid entirely through user fees. No taxes are used to fund these services. A solid waste master bond ordinance was adopted in 1989 and revenue bonds were issued for capital construction. Construction of the Metro Central transfer station was funded by solid waste system revenue bonds of \$28,500,000. This issue was partially refunded in 1993.

#### Other Departments/Offices

Metro's organizational structure includes several offices and two departments that support elected officials or provide support services:

*Office of the Council* – includes the Metro Council and staff. The Metro Council provides overall policy guidance for the agency. The Office of the Council also manages the Council Office of Public Outreach and will staff the Office of Citizen Involvement beginning in FY 2002-03.

*Office of the Executive* – includes the Metro Executive Officer and staff. The Metro Executive Officer manages the agency and develops policy issues for the Council's consideration. The Office of the Executive also supervises Metro's intergovernmental and public information functions.

*Office of the Auditor* – includes the Metro Auditor and staff. The Metro Auditor is responsible for all audits of the agency, including managing the annual outside financial audit and conducting performance and management audits of agency programs and operations.

*Office of the General Counsel* – provides legal services to the Council and Executive Officer and to Metro departments.

*Administrative Services Department* – provides a range of support services to Metro operating departments, including Accounting, Risk Management, Financial Planning, management of Metro Regional Center, and others.

*Information Technology Department* – provides computer and information services to Metro operating departments, including support of desktop computers, Metro's computer networks, and enterprise and departmental software applications.

*Human Resource Department* – provides recruitment, classification, compensation, and labor relations services.

## **GOVERNMENTAL AFFAIRS COMMITTEE REPORT**

CONSIDERATION OF RESOLUTION NO. 02-3184, FOR THE PURPOSE OF AUTHORIZING THE RELEASE OF A REQUEST FOR PROPOSALS #02-1022-ASD FOR FINANCIAL ADVISORY SERVICES

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Date: May 13, 2002

Presented by: Councilor Burkholder

**Committee Recommendation:** At its May 9 meeting, the committee considered Resolution No. 02-3184 and voted 2-0 to send the resolution to the Council for adoption. Voting in favor: Councilor Burkholder and Chair Bragdon. Councilor Monroe was absent

**Background:** Metro has several outstanding revenue and general obligation bond issues. Proper management of these debt instruments requires ongoing legal and technical analysis. Historically, Metro has used a request for proposal format to obtain a financial advisory service vendor to provide the necessary technical assistance. Because the contract for these services is for a three-year period, Metro Code 2.04.026 requires that the Council approve the release of the request for proposals.

**Committee Discussion:** Casey Short, Metro Financial Planning Manager, presented the staff report. He that the purpose of the proposed contract is to provide technical assistance related to outstanding Metro debt issuances and assistance related to general financial policies and issues. He explained that the current contract expires at the end of the current fiscal year. The provisions of the proposed RFP are very similar to the requirements set forth in the last RFP for procuring these services.

Councilor Bragdon asked if this proposal was for the purpose of retaining a bond counsel. Mr. Short and Mr. Cooper, Metro General Counsel, responded that this contract would relate to the need for technical advice and that Metro has a separate contract for bond counsel services that relate to legal assistance concerning the management of Metro's debt.

Councilor Burkholder asked for clarification concerning the proposed cost of the contract. Mr. Short explained that the stated amount represented the maximum potential expenditure under the contract. The vendor is paid on an hourly basis based on the actual services provided and that in the past actual expenditures have been significantly lower than the contracted amount.

## **STAFF REPORT**

### **RESOLUTION NO. 02-3184.FOR THE PURPOSE OF AUTHORIZING THE RELEASE OF REQUEST FOR PROPOSALS #02-1022-ASD FOR FINANCIAL ADVISORY SERVICES**

Date: April 15, 2002

Presented by: Casey Short  
Financial Planning Manager

## **PROPOSED ACTION**

Approval of Resolution No. 02-3184, authorizing release of Request for Proposals #02-1022-ASD for financial advisory services.

## **EXISTING LAW**

Metro Code 2.04.026 (a)(1)(D) requires the Metro Council to authorize issuance of a Request for Proposals for a personal services contract for a term greater than 12 months in an amount greater than \$50,000 and listed as significant impact in the budget. This proposed contract meets all of these criteria.

## **BACKGROUND AND ANALYSIS**

Metro has historically used the expertise of a financial advisory firm to assist with the analysis and issuance of debt, management of existing debt, and to advise on general financial matters. Examples of past use of financial advisors include analysis and assistance in issuing General Obligation debt for the Open Spaces bonds and Zoo Great Northwest project bonds, issuance of revenue bonds for solid waste facilities and Metro Regional Center (MRC), refunding of existing debt issues including solid waste and MRC bonds, and assistance in securing loans from the Oregon Economic and Community Development Department for Washington Park parking lot reconstruction and construction of Expo Hall D.

The proposed RFP calls for securing a contract for financial advisor services for three years, through FY 2004-05. This is the same term as the current contract.

## **FISCAL IMPACT:**

The current contract is for a "not to exceed" amount of \$175,000 over the three year term of the agreement. Actual payments through March 2002 have come to less than \$28,000. Costs for service are billed to the department receiving the service, so work on a solid waste issue would be billed to REM, for example.

It is expected that the total contract will be in the same dollar range as the existing contract, with some inflation adjustment. Funds are budgeted in Financial Planning for general financial advisor services, those not attributable to a specific department. Departments are expected to budget for services they require.

**EXECUTIVE OFFICER RECOMMENDATION:** The Executive Officer recommends Council approval of Resolution No. 02- 3184.