

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING )  
PERSONAL SERVICES AGREEMENT )  
902953 BETWEEN METRO AND )  
PUBLIC FINANCIAL MANAGEMENT, )  
INC., TO INCREASE THE MAXIMUM )  
COMPENSATION AND TO ADD )  
PROJECTS TO THE SCOPE OF )  
WORK )

RESOLUTION NO. 1959

Introduced by: Rena Cusma  
Executive Officer

WHEREAS, Metro has entered into Contract No. 902953 with Public Financial Management Inc. (PFM) for financial advisory services, and

WHEREAS, Contract No. 902953 is for the term from January 25, 1993 to December 31, 1995, and Contract No. 902953 specifies hourly rates and total compensation not to exceed \$180,000, and

WHEREAS, the Scope of Work for Contract No. 902953 lists several specific projects and also allows other financial advisory work as required by Metro, and

WHEREAS, Metro entered into Contract No. 902953 with PFM as the result of a competitive RFP process, and

WHEREAS, Metro has required more work of its financial advisor than anticipated at the time the contract was written due to favorable interest rates which allowed refunding of two bond issues, required support for the Metro Tax Study Committee, and a variety of other projects , and

WHEREAS, Metro anticipates a continuing need for support from its financial advisor during the remaining term of the contract, and


WHEREAS, the hourly rates established in Contract No. 902953 remain current, but the total allowable compensation under the contract needs to be increased by \$100,000 to a total of \$280,000 to allow this use of additional services, and

WHEREAS, Metro Code section 2.04.054(a)(3) requires contract extensions in excess of \$10,000 to be approved by the Metro Council acting as the Contract Review Board.

BE IT RESOLVED,

1. That the Metro Contract Review Board finds that Contract No. 902953 between Metro and Public Financial Management Inc. should be amended to add new work projects to the Scope of Work and to increase the total allowable compensation to an amount not to exceed \$280,000.
2. That the Executive Officer is hereby authorized to execute an amendment to Contract No. 902953 to effect this change substantially in the form as shown in Exhibit A to this Resolution.

ADOPTED by the Metro Council this 23rd day of June, 1994.

  
\_\_\_\_\_  
Judy Wyers, Presiding Officer

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Amendment #1 to Personal Services Agreement No. 902953  
between  
Metro  
and  
Public Financial Management, Inc.

Metro and Public Financial Management, Inc. agree to amend Personal Services Agreement No. 902953 as follows:

- 1. Add the following projects to Exhibit A, Scope of Work, Section D, Current Projects:
  - 12. PCPA and Civic Stadium Operations and Capital funding.
  - 13. OCC Expansion.
  - 14. Expo Capital funding
  - 15. RV Parking financing.
- 2. Amend Section 3. Payment to read as follows:

Metro shall pay Contractor for services performed and materials delivered in the amount(s), manner and at the time(s) specified in the Scope of Work for a maximum sum not to exceed Two Hundred Eighty Thousand AND 00/100ths dollars (\$280,000), as provided in "Exhibit B -- Compensation," which is incorporated into this agreement by reference.

PUBLIC FINANCIAL MANAGEMENT, INC.

METRO

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## STAFF REPORT

### CONSIDERATION OF RESOLUTION NO. 94-1959 AMENDING THE PERSONAL SERVICES AGREEMENT NO. 902953 BETWEEN METRO AND PUBLIC FINANCIAL MANAGEMENT, INC.

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Date: May 4, 1994

Presented by: Craig Prosser

#### BACKGROUND AND ANALYSIS:

Metro entered into Contract No. 902953 with Public Financial Management, Inc. (PFM) on January 25, 1993, for financial advisory services for a three-year period on a variety of projects then under way or anticipated during the three-year period. PFM was selected through a competitive process. The contract specified that the total compensation will not exceed \$180,000.

Metro's use of PFM's services during the first year and a half of this contract has far exceeded plans due to the development of several large, unanticipated projects. As a result, \$161,751 of the \$180,000 has been spent to date. It is necessary to amend the contract to raise the maximum allowable compensation by \$100,000 (to a total of \$280,000) to allow continued use of PFM's services during the remaining year and a half of the contract term.

Three projects which account for the majority of the charges to date under the current contract were the two bond refundings performed in 1993 and the Tax Study Committee. The bond refundings were not anticipated at the time the contract was written. Charges by PFM for the refundings totaled \$61,000. The refundings saved Metro over \$4 million. The Tax Study Committee process required far more work and research than was anticipated at the time the contract was originally written. PFM charges for this project totaled almost \$40,000.

As services are used, contract billings are charged directly to operating departments as appropriate. All departments using these services have sufficient appropriations to cover this additional compensation during the current fiscal year, and sufficient appropriations have been included in the budget committee recommendations for department budgets in FY 94-95 (with the possible exception of FMI, which has been discussed with the Budget Committee).

Significant work remains which will require the expert advice and assistance of Metro's financial advisor. The following table (presented to the Budget Committee during the Phase II review of the FMI budget) lists projects anticipated over the remaining term of the contract and identifies potential financial advisor work elements.

<b>Project</b>	<b>Est. \$ Need</b>	<b>Potential Fund Source</b>	<b>Potential Work Elements</b>
Regional Planning	\$3 million	Construction Excise/Real Estate Transfer/Metro Excise Taxes?	Research bases, suggest tax structure & exemptions
PCPA Operations & Capital	\$2 - \$3 million	Unknown	Research financing options
MERC System	Unknown	Unknown	Unknown
Cultural, Scientific, & Arts Funding	\$12 - \$15 million	Income Tax?	Research capacity & alternatives, suggest structure
Expo Capital	Unknown	Bonds?	Research financing options,
OCC Expansion	\$70 million	Bonds?	Research financing options,
Greenspaces Capital	\$500 million (\$35 - \$100 initial bond request)	Property Tax	Structure bonds
Parks/Greenspaces Operations	\$1 million	Unknown	Research financial options,
Solid Waste (non-Tipping Fee)	\$60 million (whole system)	Unknown	Research financial options,
Zoo Oregon Exhibit	\$20-\$25 million	Donation/Bonds/Property Tax?	Research financial options,
Zoo Operations	Unknown	Unknown	Research financial options,
Washington Park Parking Lot	\$4 - \$5 million	Bonds	Research financial options, develop initial pro-forma, suggest alternatives
RV Parking Development	Unknown	Bonds	Research financial options, develop initial pro-forma, suggest alternatives
Transportation	Unknown	Unknown	Unknown
<b>Total Est. Known \$ Need</b>	<b>\$752 - \$757 million</b>		

Attachment A to this Staff Report contains a brief status report on all projects contained in the Scope of Work to the contract. Attachment B contains a summary of charges to date by project.

**EXECUTIVE OFFICER'S RECOMMENDATION:**

The Executive Officer recommends adoption of Resolution No. 1959.

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A. Bond Debt Administration and Support

1. Assist Metro in reviewing reports furnished by Metro's paying agent/registrar, on request.

**Status:** *No work required to date.*

2. Make presentations to the Metro Council, Council Committees, Bond Counsel, and/or staff as needed.

**Status:** *PFM has made presentations to the Metro Council on the OWS contract amendment. PFM has also made presentations to various study and advisory groups including the Metro Tax Study Committee, the Greenspaces Advisory Committee, and various Metro departments on a variety of projects*

3. Provide other services normally provided to clients which relate to bond sales, such as assistance in preparation of preliminary and final official statements, scheduling and structuring sales/instruments, contact with rating agencies.

**Status:** *PFM has assisted in the issuance of two refunding bonds which have saved Metro a combined total of over \$4 million. In addition, PFM helped Metro review lease financing options and helped select the FlexLease program offered by US Bank to provide needed lease financing.*

B. Metropolitan Exposition-Recreation Commission

Advise the Commission regarding alternative financing strategies for capital improvements required for existing facilities operated by the Commission (Oregon Convention Center, Civic Stadium, Civic Auditorium, and the Performing Arts Center). Also advise the Commission regarding financing alternatives for possible new facilities that may be added through intergovernmental agreement or constructed in the future. Advise the Commission on future financing plans for on-going operations of its facilities.

**Status:** *No work required to date.*

C. General Government Financial Advice

1. On request, assist Metro with its investment policies. This may include advice on compliance with federal arbitrage regulations.

**Status:** *PFM has provided general advice on Arbitrage Rebate regulations and has provided training to Metro's Investment Manager on Arbitrage Rebate requirements and calculations. PFM has also provided general advice on investment tools which are currently under consideration by the Financial Planning Division.*

2. Assist Metro in the coordination, preparation and update of long range financial and capital improvements plans. Assist in establishing and monitoring financial indicators and in reviewing and updating agency financial policies.

**Status:** *PFM has provided copies of model financial and debt policies which are being reviewed by Financial Planning staff for possible adoption by Metro.*

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.

**Status:** *PFM researched and provided information on 11 different funding options presented to the Metro Tax Study Committee and analyzed different scenarios requested by the Tax Study Committee.*

4. Assist Metro on certain other matters which may come to Metro's attention which would require the expertise of a financial consultant.

**Status:** *PFM has provided general advice on financial strategies related to several projects at different stages of development by Metro staff.*



## D. Current Projects

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

### 1. Metro Funding

**Status:** *PFM researched and provided information on 11 different funding options presented to the Metro Tax Study Committee and analyzed different scenarios requested by the Tax Study Committee. This was presented in a report entitled "Strategic Funding Options." The Tax Study Committee recommended that Metro pursue two of the options included in the "Strategic Funding Report."*

### 2. Composter Financing

**Status:** *No work required to date.*

### 3. Refuse Derived Fuel (Pelletizer) Financing

**Status:** *No work required to date. This project has been included in the FY 94-95 Budget and is expected to proceed next fiscal year.*

### 4. Washington County Solid Waste Transfer Station

**Status:** *PFM provided extensive research into alternative funding arrangements, credit terms, proposed franchise agreements, and other financial aspects of this project.*

### 5. Regional Facilities (Arts/Cultural/Scientific Facilities) Funding and Financing

**Status:** *PFM has played an on-going role researching various revenue options for the Cultural Funding Task Force. This role included examining different revenue options and estimating the revenue potential and cost of administration.*

### 6. Zoo Light Rail Terminal and Parking Funding

**Status:** *PFM has provide multiple runs of the parking lot pro forma to support negotiations with the other institutions at the site on the revised operating agreement.*

7. Greenspaces and Recreation Capital and Operations Funding

**Status:** *PFM has provided financial structure analysis and tax rate impact of multiple financing scenarios requested by the Greenspaces staff. Once a preferred scenario has been selected, additional work will be required to prepare for the Greenspaces election and eventual bond issuance.*

8. End of the Oregon Trail Funding

**Status:** *No work required to date.*

9. Zoo Facilities Projects Funding

**Status:** *No work required to date.*

10. Regional Transportation Planning Funding

**Status:** *No work required to date.*

11. Pricing of Data Resource Center Services

**Status:** *No work required to date.*

Additional work elements:

- Solid Waste Alternative Funding Strategies.

**Status:** *PFM worked with Solid Waste staff to identify ways to finance aspects of the Solid Waste System using sources other than the tipping fee. Alternatives reviewed to date include advanced disposal fees, hauler-based fees, and municipal fees. Solid Waste staff reports that an additional 40 hours of PFM work will be required on this project.*

- Solid Waste Least Cost Contract Negotiations.

**Status:** *PFM worked with the Solid Waste Department to develop information for contract negotiations with Oregon Waste Systems related to the Gilliam County Landfill. PFM evaluated contract provisions and tested those provisions under several different scenarios.*

**PFM Contract #902953**  
**Actual Charges To Date by Project**

<u>Project</u>	<u>Total</u>	<u>FY 93-94</u>	<u>FY 92-93</u>	<u>Charged to ...</u>
Solid Waste Refunding	\$27,958.61	\$27,958.61	\$0.00	Solid Waste
Gen'l Rev. Bond Refunding	33,876.65	33,876.65	0.00	Gen'l Rev. Bond
Cultural Funding	967.61	0.00	967.61	FMI
General Advice	5,157.62	5,157.62	0.00	FMI
Greenspaces	963.00	0.00	963.00	Planning
Solid Waste Contract Review	27,707.05	27,707.05	0.00	Solid Waste
Solid Waste Revenue Study	3,893.00	3,893.00	0.00	Solid Waste
Tax Study Process	39,857.14	20,742.76	19,114.38	FMI
Wash. Co. Transfer	11,027.58	9,955.08	1,072.50	Solid Waste
Zoo Parking	<u>10,342.66</u>	<u>8,847.66</u>	<u>1,495.00</u>	Planning
<b>Total</b>	<b>\$161,750.92</b>	<b>\$138,138.43</b>	<b>\$23,612.49</b>	

## FINANCE COMMITTEE REPORT

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RESOLUTION NO. 94-1959 AMENDING THE PERSONAL SERVICES AGREEMENT BETWEEN METRO AND PUBLIC FINANCIAL MANAGEMENT, INC. TO INCREASE THE MAXIMUM COMPENSATION AND TO ADD PROJECTS TO THE SCOPE OF WORK

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Date: June 15, 1994

Presented By: Councilor Van Bergen

**COMMITTEE RECOMMENDATION:** At its June 8, 1994 meeting the Committee vote 4 to 1 to recommend Council approval of Resolution No. 94-1959. Committee members voting in favor were Councilors Devlin, Gardner, Monroe and Van Bergen. Councilor Kvistad voted against and Councilors Buchanan and McLain were absent.

**COMMITTEE DISCUSSION/ISSUES:** Mr. Howard Hansen, Administrative Services Analyst, presented the Staff Report. He pointed out that the contract with Public Financial Management, Inc. is for financial advisory services for all Metro functions. The current contract has approximately 18 months to go on its three year term. It also has a limit on expenditures of \$180,000. During the first 18 months of the contract expenditures have totaled \$161,751 for a variety of projects that are detailed in the Staff Report. Mr. Hansen further explained that approximately \$100,000 of the past expenditures were not anticipated at the time the contract was signed. These expenditures included bond refundings which required the services of the financial advisor (\$61,000) and work on the Tax Study Committee project (\$40,000).

Mr. Hansen stated the Finance Department estimates that approximately another \$100,000 will be spent on financial advice during the remainder of the contract so the request is to extend the amount of the contract to \$280,000. Mr. Hansen explained that based upon the departmental work plans described in the FY 1994-95 Approved Budget additional projects should be added to the Scope of Work of the contract. The four projects are listed in Exhibit A to the resolution.


In response to a question regarding control of the contract, Council Staff pointed out that the Finance and Management Information Department manages the contract. If a department needs financial advice, it must contact the Finance Department which will contact Public Financial Management, Inc. if the Finance Department cannot provide the advice. The requesting department will then pay the cost for receiving the financial advisory services through its budget. In response to a question from Councilor Van Bergen, Mr. Hansen stated that it appeared that the Solid Waste Department had paid for financial advisory services related to the Oregon Waste Systems, Inc. contract in the amount of \$27,707 during the current fiscal year. Mr. Hansen stated he did not know exactly what services were provided by the contractor related to the OWS contract but that he would provide written information to Councilor Van Bergen prior to the June 23, 1994 Council meeting.

**METRO**

Finance Committee Report  
Resolution No. 94-1959  
Attachment 1

Date: June 9, 1994

To: Rod Monroe, Chair  
Finance Committee

From:  Howard Hansen, Investment Manager

Re: Resolution No. 94-1959  
Public Financial Management, Inc. Personal Service Agreement

The Resolution referenced above was considered and passed by the Finance Committee on June 8, 1994. During discussion, Councilor George Van Bergen inquired about expenditures in favor of Public Financial Management (PFM) totaling \$27,707.05 for the purpose of Solid Waste Contract Review.

Due to the significant dollars involved, the Solid Waste Department requested that PFM assist in the analysis of a proposed amendment to the Oregon Waste Systems contract. The scope of this analysis was defined by the Solid Waste Department as:

1. Are the savings estimated by Metro staff reasonable?
2. If the most favored rate provision of the current contract is left in place, how much savings should Metro expect?
3. Are the assumptions Metro staff used reasonable?
4. Is the process of analysis used by Metro staff sound and conservative?

The results of this analysis were reported by PFM to the Solid Waste Committee on January 18, 1994, with a memorandum of their findings delivered to the Solid Waste Committee and the Council Office.

This was followed by a study performed by Delloitte & Touche challenging some of the findings. PFM was then asked to analyze and respond to this study. In the limited time available, PFM conducted a sensitivity analysis to determine the volatility of several assumptions of the Delloitte & Touche analysis.

The results of this second effort were presented to the Solid Waste Committee on March 1, 1994, with a copy of their presentation delivered to the Council Office.

Resolution No. 94-1959

June 9, 1994

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I hope this brief explanation provides appropriate response to the question about what was requested of, and what was provided by, PFM. If further questions remain, please advise.

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Encl.

cc: Finance Committee  
Don Carlson, Council Administrator  
Jennifer Sims, Director of Finance and Management Information  
Bob Martin, Director of Solid Waste  
Craig Prosser, Financial Planning Manager  
James Watkins, Engineering and Analysis Manager