



Legislation Details (With Text)

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On agenda: 12/8/2021 **Final action:** 12/8/2021
Title: Proposed Change Order No. 6
Contract No. GLWA-CS-002
Financial Advisor Services
Sponsors: Nicolette Bateson
Indexes: Finance
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
12/8/2021	1	Board of Directors Workshop Meeting	Approved	Pass

Proposed Change Order No. 6

Contract No. GLWA-CS-002

Financial Advisor Services

Agenda of: December 8, 2021

Item No.: **2021-468**

Amount:	Original Contract:	\$ 300,000.00
	Change Order No. 1	0.00
	Change Order No. 2:	100,000.00
	Change Order No. 3:	100,000.00
	Change Order No. 4:	100,000.00
	Change Order No. 5:	78,600.00
	Change Order No. 6:	<u>200,000.00</u>
	Total Revised Contract:	\$ 878,600.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Interim Chief Executive Officer
Great Lakes Water Authority

DATE: December 8, 2021

RE: Proposed Change Order No. 6

Contract No. GLWA-CS-002

Financial Advisor Services

Vendor: PFM Financial Advisors LLC

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to **enter into Contract No. GLWA-CS-002, Proposed Change Order No. 6 Financial Advisor Services with PFM Financial Advisors LLC, at an increased contract of \$200,000.00, for a total cost not to exceed \$878,600.00, and an increased duration of 365 days for a total contract duration of 2,844 days**, and authorizes the Interim CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

Since March 20, 2015, PFM Financial Advisors, LLC (PFM) has served the Great Lakes Water Authority (GLWA) as its municipal financial advisor through GLWA-CS-002. As a municipal financial advisor, PFM acts in a fiduciary capacity to assist GLWA with the issuance of its water and sewer revenue bonds. To date, PFM has assisted GLWA with the issuance of new money and refunding bond issues as well as services related to state revolving fund bonds. PFM also provides other non-transactional services such as providing feedback on compliance matters, emerging state/federal funding opportunities and various debt management agreements as well as financial plans, strategies, policies.

The current contract for Financial Advisor Services (CS-002) with PFM has been in place since 2015 and will expire on December 31, 2021. When the contract was last extended in April 2021, the workplan for the Public Finance Manager was to conduct a competitive procurement process for Financial Advisory Services so that we would be asking the Board of Directors to approve a new contract in December 2021. Unfortunately, around that same time, the Public Finance Manager position became vacant with several key initiatives underway. Due to this vacancy and a number of upcoming market opportunities, the recommended approach is to extend the contract with PFM for one year.

JUSTIFICATION

In evaluating our next steps and recommendation, listed below are key considerations. These center on allocating existing staff resources to focus on seeking refunding savings and supporting federal funding opportunities while working to fill the Public Finance Manager position (and leaving the competitive procurement of financial advisory services as a task for the new team member later in the year).

- 1) Action step to further evaluate advance refunding opportunities is to initiate the competitive process to refresh the underwriting pool to put a team together to evaluate advance refunding candidates as we move toward the latter half of FY 2022 - as well as secure lower market-based funding and potentially new money for capital. We do need to start now with a timing goal of the latter half of FY 2022 before rates climb further and to support the increased pace in capital spending.

- 2) Allow for a new Public Finance Manager to have a more effective onboarding with the PFM team. GLWA's has \$5.6 billion in outstanding bonds and a high level of complexity. The transfer of knowledge will be very important to protect GLWA's interests and compliance. The updated Public Finance Manager job description was recently approved. The job is expected to be posted no later than December 8, 2021. The recruitment will be for an unknown period of time to seek a qualified candidate. It is unlikely that the position will be filled by February 1, 2022.
- 3) Provide support by PFM to existing staff that are backfilling the Public Finance Manager vacancy.
- 4) Provide continuity in advisory services at a time of major policy and programmatic shifts to achieve federal investment in infrastructure goals - including the potential use of revolving fund loan programs.
- 5) Provide continuity in advisory services at a time of major policy and programmatic shifts to achieve federal investment in infrastructure goals - including the potential use of revolving fund loan programs.
- 6) Provide time for the new Public Finance Manager to become familiar with GLWA's needs and lead the financial advisory services competitive proposal process in the latter half of calendar year 2022.

Below is a summary of the original contract amount and the change orders.

PROJECT MANAGEMENT STATUS

Original Contract Start Date:	March 20, 2015
Initial Contract End Date:	March 19, 2018
Change Order 1 Contract End Date*:	March 19, 2018
Change Order 2 Contract End Date:	March 19, 2019
Change Order 3 Contract End Date:	March 19, 2020
Change Order 4 Contract End Date:	March 19, 2021
Change Order 5 Contract End Date:	December 31, 2021
Proposed Change Order 6 Contract End Date:	<i>December 31, 2022</i>

PROJECT ESTIMATE

Original Contract Price:	\$300,000
Change Order No. 1*:	0
Change Order No. 2:	100,000
Change Order No. 3:	100,000
Change Order No. 4:	100,000
Change Order No. 5:	78,600
<i>Proposed Change Order No. 6;</i>	<u><i>200,000</i></u>
New Contract Total:	\$878,600

* Change Order #1 was a correction of original contract fees, with no time extension.

Note that this contract is being brought to the Board for approval as the time length exceeds five years in accordance with GLWA's Procurement Policy.

BUDGET IMPACT

The current contract for Financial Advisor Services (CS-002) falls within the annual Public Finance budget. The effect on future Public Finance budgets is yet to be determined based on the outcome of the proposed competitive procurement process.

COMMITTEE REVIEW

The Audit Committee unanimously recommends that the Board of Directors approve the proposed Change Order No. 6 Financial Advisor Services with PFM Financial Advisors LLC, at an increased contract of \$200,000.00, for a total cost not to exceed \$878,600.00, and an increased duration of 365 days for a total contract duration of 2,844 days.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.