



Legislation Text

File #: 2021-156, **Version:** 1

Proposed Amendment to GLWA Contract CS-195 effective July 1, 2021 with The Foster Group for Annual Financial Management Consulting at a not-to-exceed amount of \$950,000 for a two-year contract, and for task order Bond Transaction System Consultant Services not-to-exceed \$550,000

Agenda of: April 28, 2021

Item No.: **2021-156**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: April 28, 2021

RE: Proposed Amendment to GLWA Contract CS-195 effective July 1, 2021 with The Foster Group for Annual Financial Management Consulting at a not-to-exceed amount of \$950,000 for a two-year contract, and for task order Bond Transaction System Consultant Services not-to-exceed \$550,000

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Great Lakes Water Authority Board authorizes the Chief Executive Officer (CEO) to **enter into Contract No. CS-195 effective July 1, 2021 with The Foster Group for Annual Financial Management Consulting at a not-to-exceed amount of \$950,000 for a two-year contract, and for task order Bond Transaction System Consultant Services not-to-exceed \$550,000**, and also authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The current fixed fee, fixed cost contract with The Foster Group expires June 30, 2021. The Foster Group provides critical services including:

- ✓ Member Partner outreach,
- ✓ Annual cost of service study,
- ✓ Highly technical as needed analysis,
- ✓ Charge methodology strategic services to support Planning Group efforts,
- ✓ Financial management coordination and assistance for GLWA and DWSD,
- ✓ Resource for General Counsel, and
- ✓ Long-term financial planning support to the Great Lakes Water Authority (GLWA).

In addition to core tasks, there are several open GLWA initiatives that depend on The Foster Group's services. These are outlined in the attached proposal from The Foster Group. Most notably, is the comprehensive review of the water charges methodology.

This proposed procurement is considered a specialized procurement as defined by the GLWA Procurement Policy as “a *procurement in which there may be multiple sources of supply, but one Vendor possesses the unique ability or capability to meet the particular requirements of the Solicitation and/or where a unique expertise is provided by a Vendor that is unattainable in the market in a competitive environment*”.

JUSTIFICATION

The GLWA Board is being asked to consider a renewal of The Foster Group contract at this time to carry forward these critical tasks without disruption. For that reason, The Foster Group has been asked to provide a detailed proposal (attached) for the next two years. The proposal expands further on many of the key initiatives noted above.

The proposed fee is a fixed annual fee paid on a pro-rata monthly lump sum basis which includes all expenses. In GLWA's form of contract, either party can initiate the discussion to modify to the scope of services and related fees.

Based on the level of monthly reporting of tasks completed, The Foster Group contract provides a good value to GLWA. This is supported by analysis by GLWA for competitive pricing secured from two recent procurements that draw upon a similar level of expertise. In addition, the proposed Annual Financial Management contract fee reflects a 5% reduction from the current annual fee and a 25% reduction from the annual fee charged in FY 2018, which was the first year of CS-195.

It should be noted that GLWA has transitioned some of the work in-house which was previously performed by The Foster Group - and will continue to do so to the extent possible. Given the expert level of service provided, however, it is envisioned that future state beyond this two-year time period will rely upon separate procurements for charges consulting, system consultant services for bond transactions, and possible strategic financial consulting services as the compensation level for this expertise provides a recruitment challenge.

BUDGET IMPACT

The proposed Foster Group contract amendment is divided equally between the Financial Planning & Analysis Group FP&A (Contractual Professional Services line 5910-884113.000-617903-WS7900) and the Public Finance Group (Public Finance Consulting Services 5910-884141.000-617903-WS7900) in the Financial Services Area.

COMMITTEE REVIEW

The Audit Committee reviewed this matter at its meeting on April 23, 2021 and approved for forwarding to the Board of Directors.

SHARED SERVICES IMPACT

The extent to which DWSD will utilize The Foster Group's services is undetermined. If required by the SRF program for a transaction, the fees would be a pass-through cost based on the attached proposal and at the same rate as prior years. DWSD also pays a pro rata share of fees for revenue bonds on their behalf. This is also a pass-through cost. There is no charge for services related to financial coordination between the two entities.