


M E M O

Alameda Corridor Transportation Authority

To: Governing Board

Meeting Date: June 1, 2023

From: Kevin L. Scott, Chief Financial Officer 

Subject: APPROVE Agreements for Municipal Financial Advisory Services with Frasca & Associates, LLC (C0914) and with PFM Financial Advisors LLC (C0915) for a 5-year term and compensation not to exceed \$300,000 for each firm

Recommendation:

Approve Agreement No. C0914 with Frasca & Associates, LLC (Frasca) and Agreement No C0915 with PFM Financial Advisors LLC (PFM) for municipal financial advisory services and authorize the Chief Executive Officer or his designee to execute each Agreement. The not-to-exceed compensation is \$300,000 for each Agreement and they will be in effect for a period of five-years from the execution date of the Agreements, unless terminated earlier. Agreements are provided in Transmittal 1a and 1b.

Discussion:

Municipal Financial Advisors (MFA) play a key role in ACTA's financing team as these firms assist with the evaluation of financing options and market trends, municipal bonds and other financial transactions, credit rating and investor relationships, legislative and policy matters and other advisory services, as needed. Based on the complexity of the work to be completed, market conditions, and the financial risk associated with large-scale financing transactions, using MFAs to aid ACTA is warranted and required. Please see Transmittal 2 for the detailed scope of work.

PFM has served as ACTA's MFA since March 2002. On October 31, 2022, ACTA issued a Request for Proposals (RFP) for MFA services to be consistent with best government contracting practices which call for periodic re-bidding of contracts. This RFP was posted to ACTA's website as well as on the websites of the Ports of Los Angeles and Long Beach. The RFP was also distributed electronically to 14 MFA firms doing business in California. This outreach utilized the latest edition of the Bond Buyer's Municipal Marketplace, a leading directory of public finance professionals as well as to firms that have contacted ACTA expressing interest.

Only two proposals were submitted by the November 29, 2022 deadline. ACTA staff asked several of the non-responding firms why they had not submitted a proposal. At least one firm providing MFA services to the Port of Los Angeles (POLA) and/or the Port of Long Beach (POLB) indicated that they did not submit a proposal because they thought an MFA firm could not serve both POLA or POLB and ACTA at the same time. However, there is no law, rule or policy restricting MFAs from concurrently representing either POLA or POLB and ACTA. Therefore, ACTA staff reissued the RFP in order to possibly receive additional firm proposals.

The RFP was reissued on January 9, 2023. Six firms responded on the February 7, 2023 deadline, as listed on Transmittal 3. The proposals were reviewed and evaluated by a selection panel comprised of three senior professional level finance staff: one from ACTA and one each from the Ports of Los Angeles and Long Beach.

The selection panel evaluated, scored and ranked the firms utilizing the evaluation form provided in the RFP (Transmittal 4). The proposers were comprised of 4 small business and minority enterprises (SBE/WBE), and 2 firms that were other business enterprises (OBE).

Staff recommends that the two firms scoring highest, PFM and Frasca be appointed as MFAs. While ACTA has contracted with a single MFA firm in the past, we believe that a second firm will be beneficial to validate our financial plans. The firms will provide services on an on-call hourly basis. Based on the job title of the professional, Frasca's hourly rates range from \$200 to \$450, while PFM's range from \$250 to \$400. Staff recommends that the not-to-exceed compensation be \$300,000 for each Agreement, that agreement terms be for a five-year period from the execution date of the Agreements, unless terminated earlier, and the Chief Executive Officer or his designee be authorized to execute each Agreement.

Budget Impact:

The proposed not to exceed amount for each Agreement is \$300,000 for the five-year term, totaling \$600,000 in aggregate. For fiscal year 2023-24 the budgeted amount for each Agreement is \$60,000, totaling \$120,000 in aggregate.

Co-General Counsel Review:

ACTA's Co-General Counsel has reviewed and approved the proposed Agreements as to form.

Transmittals:

Transmittal 1A – Frasca Agreement No.C0914

Transmittal 1B – PFM Agreement No. C0915

Transmittal 2 – Scope of Work

Transmittal 3 – Summary of Proposing Firms

Transmittal 4 – Evaluation Form