

CHSRA BOARD MEETING AGENDA ITEM 2 FINANCIAL ADVISOR SERVICES – CONSIDERATION OF AWARD OF CONTRACT

**Brian Annis
Chief Financial Officer
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FINANCIAL ADVISOR SERVICES

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Background:

- The Authority has historically contracted with a Financial Advisor (FA) for specialty services generally not available from civil service and for one-time or occasional workload. In the past, FA services were split over 3 contracts. The current FA contract expires on December 31, 2020.
- At the June 25, 2020 Board Meeting, Authority staff, in adherence with the policies of the Board, asked for and received the Board's approval to release a Request for Proposal (RFP) for consolidated Financial Advisor services.
- The Authority conducted the RFP process, received two responsive bids from international firms, and evaluated those bids in accordance with the RFP structure.



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Contract Scope Includes:

➤ High-Speed Rail Commercial, Planning and Procurement Advisory Services

- ❖ Provide strategic commercial support and advice to the Authority
- ❖ Provide commercial support during major procurements (i.e. track and systems)

➤ Financing and Funding Advisory Services

- ❖ Assist with funding plans including Proposition 1A “part c” and “part d” plans
- ❖ Analyze potential financing structures, including alternative and innovative financing mechanisms

➤ Business and Economics Advisory Services

- ❖ Prepare Economic Impact Analysis Reports
- ❖ Prepare Fiscal Impact Analysis Report

➤ Project Financial Advisory Services

- ❖ Provide expertise and project management advisory services



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- The procurement process for the Financial Advisor services contract was managed directly by Authority staff consistent with the State's competitive procurement process as defined by Public Contract Code section 10344 et seq. and the Authority's policies for RFPs.
- Responses were scored under the following matrix:

Maximum Points Allowed

Total Score for the Proposal and the Interview	Maximum Score
Technical Score (60%)	300
Cost Score (30%)	150
Interview Score (10%)	50
SB Participation: Preference/Incentive Score (additional Points)*	39
COMBINED PROPOSAL SCORE	539



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- We received proposals from KPMG LLP and Ernst and Young Infrastructure Advisors, LLC.
- Both proposals met the compliance requirements and the Evaluation Committee evaluated, interviewed, and scored both proposals.
- Historical expenditures adjusted for inflation have averaged about \$12.5 million for FA services; however, with implemented and planned efficiencies, the proposed contract award will average \$6.7 million per year for the four-year contract.



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Summary of Scores:

	Proposer	
Score Section	KPMG	Ernst and Young
Technical Score	293	269
Cost Score	139	150
Interview Score	48	42
SB Program Reference/Incentive Total	39	39
TOTALS	519	500



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This is an action item and staff recommends approval of the associated resolution which would in summary:

- Authorize the CEO or designee of the CEO to execute a four-year contract with KPMG LLP for up to \$26.8 million and direct the CEO to management the contract within that budget
- Direct the CEO or designee of the CEO to report the expenditures under the contract on a monthly basis to the Board's Finance and Audit Committee

