



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4f.

ACTION ITEM

Date of Meeting December 12, 2017

DATE: October 16, 2017

TO: Dave Soike, Interim Executive Director

FROM: Borgan Anderson, Director, Aviation Finance & Budget

SUBJECT: Financial Services Consulting IDIQ Contract

Amount of this request: \$1,900,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute two consulting contracts, one with an amount not to exceed \$1,400,000 and one with an amount not to exceed \$500,000, for financial consulting services for up to three (3) years with three (3) one year options, for a total of up to 6 years and \$1,900,000.

EXECUTIVE SUMMARY

The purpose of this request is to procure financial consulting services to conduct feasibility studies in support of future Port bond issues and to augment Port staff in assessing the affordability of future capital investments, implementation issues in connection with the anticipated new Signatory Lease and Operating Agreement (SLOA IV), financial benchmarking of other ports and airports, and evaluating financing options such as public private partnerships (P3).

At least one contract would be reserved for a small business in support of the Port's goal to increase small business utilization.

JUSTIFICATION

Over the past few years, the Port has engaged financial consultants to conduct feasibility studies in support of bond issues in 2015 and 2017. With the current five year capital plan, it is likely that the Port will be issuing revenue bonds annually. Additionally, the Port has hired consultants to support the finance team on other projects such as the funding analysis of the International Arrivals Facility (2015) and in support of the Port's Passenger Facility Charge application to the Federal Aviation Administration (FAA). Looking ahead, the Port will face challenges preparing a funding plan incorporating the projects to implement the Sustainable Airport Master Plan (SAMP). Having consultants with knowledge of other airport funding plans and experience with P3 funding arrangement will be helpful.

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DETAILS

The scope of work could include, but would not be limited to, the following:

1. Prepare feasibility studies in support of Port bond issues;
2. Financial benchmarking of other ports and airports for measures such as current and future rate and passenger airline cost per enplanement (CPE) comparisons;
3. Assess affordability of future capital projects and programs based on comparisons to other ports and airports and other financial metrics;
4. Evaluate funding options and financial implications for SAMP projects including P3 options;
5. Assist with future PFC applications and FAA grant strategy;
6. Assisting with implementation of new airline lease agreement provisions and assist with review of year-end settlements;
7. Assist with future airline lease agreement planning, strategy and negotiations.
8. Financial management consulting services

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Hire consultants for bond issue feasibility studies, use staff as much as possible for other projects.

Cost Implications: \$900,000

Pros:

- (1) Bond issue feasibility studies would be done by independent consultant.
- (2) \$0.9M saved could be used for other organizational priorities.

Cons:

- (1) It is advantageous to bring in consultants with knowledge and expertise based on experience with other ports and airports.
- (2) Some projects require significant resources at a time when staff is fully engaged in ongoing work such as budget preparation and financial reporting, making it difficult to complete special projects.

This is not the recommended alternative

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Alternative 2 - Procure individual contracts for each project.

Cost Implications: \$2,200,000 over six years.

Pros:

- (1) Provides opportunities for more firms to work with the Port.
- (2) Can potentially hire the firm with the greatest qualifications for each project.

Cons:

- (1) Individual procurements take time. This can delay high priority projects.
- (2) Consultants on contract gain familiarity with the Port and can often work more efficiently to meet specific needs, saving time and money.

This is not the recommended alternative

Alternative 3 - Procure two IDIQ contracts with two firms for up to six years.

Cost Implications: \$1.9 million

Pros:

- (1) With two contracts, one of which would be reserved for a small business, there is better chance of furthering small business participation goal.
- (2) Greater likelihood of industry-wide experience and knowledge.
- (3) With two firms, can more easily provide services on separate projects at the same time.

Cons:

- (1) Limits direct participation to two firms (although subcontracting could further expand participation).

This is the recommended alternative

FINANCIAL IMPLICATIONS

The costs incurred by this contract will be accounted for as operating costs (consulting work) or a non-operating bond issuance costs (bond issue feasibility studies) and included in the annual budget. As such, the funding source is the Airport Development Fund, the General Fund, or future revenue bonds. The costs would be assigned to Port or airport cost centers.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None