

TOWNSHIP OF LOWER MERION
Finance Committee
Issue Briefing

Topic: Contract – Municipal Financial Advisor

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Date: January 10, 2020

I. Action To Be Considered By The Board:

Award of a contract for Municipal Financial Advisor to Financial S&olutions.

II. Why This Issue Requires Board Consideration:

It has been Township policy to seek Board approval for professional services contracts.

III. Current Policy Or Practice (If Applicable):

The Township last completed an RFP for these services in 2012. At that time a three-year contract was awarded to Public Financial Management (PFM) for 2013-2015. The contract was subsequently extended for a second three-year term (2016-2018) and a final six-month extension through the 2019 bond sales.

IV. Other Relevant Background Information:

The RFP was advertised and sent out in October to eight national/regional firms that provide municipal financial advisory services and the Township received three responses. The responses were from PFM, Davenport and Financial S&olutions. Cost proposals ranged from \$17,500 to \$34,000 (plus expenses in some cases) depending on the type of transaction (new money or refunding). A three-member Selection Committee comprised of the Chief Financial Officer, Assistant Director of Finance and Accounting Supervisor were responsible for evaluating this RFP and making a recommendation. The Chief Financial Officer, Assistant Director of Finance and Accounting Supervisor reviewed and scored the technical proposals independently then jointly discussed their evaluations. The Township Manager was also consulted throughout the review process. The Selection Committee and Township Manager also conducted an oral interview with both Davenport and Financial S&olutions. Given the Township's familiarity with PFM, the Selection Committee felt there was no reason to have an oral interview with PFM.

The Township used best value procurement for this RFP which assigns weights to the technical and cost components and arrives at a final combined score for each proposal. The Selection Committee assigned 75 points to the technical criteria and 25 points to the cost component to ensure a technically capable firm. The review of proposals process, outlined in the RFP, included

three principal technical criteria: firm experience; technical quality; and, proposed staff. All firms were deemed technically proficient and had a cost score added to their technical scores to arrive at total score. All three firms were granted cost scores based on the following cost score matrix.

Average Transaction Fee	Cost Score Points
Under \$25,000	25
\$25,000 - \$30,000	20
\$30,000 - \$35,000	15
Over \$35,000	10

The following table details the technical and cost scores, cost proposals and the overall grand total scores.

Firm	Avg. Technical Score (75 Points)	Cost Score (25 Points)	Total Score
Financial S&olutions	65.7	25	90.7
Davenport	65.5	25	90.5
PFM	74.3	15	89.3

Obviously, the spread of the total scores between the three firms is very close and the Selection Committee discussed the award recommendation at great length. Financial S&olutions had the best overall score and has greater experience in Pennsylvania compared to Davenport. Davenport offered an attractive cost proposal and had solid experience with similar jurisdictions (AAA rated) in the mid-Atlantic region but did not have a lot of experience working in Pennsylvania. PFM had the highest technical score based on their size, Pennsylvania experience and high-quality service it has provided the Township for many years, but its cost proposal was less attractive.

Based upon their experience serving governmental entities, experience in Pennsylvania, firm resources and attractive overall cost, it is the Selection Committee's recommendation to pursue a contract with Financial S&olutions. The average cost per transaction is attractive and below what the Township has paid in recent years. The Township's Engagement Team would be led by Gary Pulcini and Michael Vind who have both served as financial advisor for many years for clients across the State.

V. Impact On Township Finances:

The costs associated with this contract will be paid out of future bond proceeds as a cost of issuance. The estimated cost of \$20,000 per transaction is \$5,000 less than the \$25,000 fee that has been in effect since 2013.

VI. Staff Recommendation:

Staff recommends the professional services contract with Financial S&olutions be approved at the January 15, 2020, Board of Commissioners meeting.