



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/7/2016

ALL

Item Creation Date: 8/11/2016

Q25857 - Financial Management Consulting Services - ORDINANCE

Agenda Item#: 10.

Background:

Request for Qualification S76-Q25857: Approve an ordinance awarding a contract to PFM Group Consulting LLC for a total amount not to exceed \$565,000.00 for Financial Management Consulting Services for the Finance Department.

Specific Explanation:

The Chief Business Officer/Director of Finance and the Chief Procurement Officer recommend that City Council approve an ordinance awarding a **one year contract with a one year option to renew** to **PFM Group Consulting LLC** in an amount not to exceed **\$565,000.00** for Financial Management Consulting Services for the Finance Department. The Chief Business Officer/Director of Finance or the Chief Procurement Officer may terminate this contract at any time upon 30-days written notice to the consulting firm.

The need for a long-range financial plan has been identified on multiple fronts. The ratings agencies that evaluate the City's financial strength and creditworthiness have indicated concern about the City's lack of a plan for addressing its financial challenges. Additionally, "Maintain a long-range fiscal plan for the City" is the first action recommended under the "Spend Money Wisely" strategy in Plan Houston, the City's general plan adopted by Council in late 2015.

The scope of work requires the consulting firm to develop a long-range financial plan, incorporating and building upon the City's financial policies and the administration's ongoing work toward sustainable budget balance and full pension funding. The firm will conduct a thorough review of the City's baseline financial strengths, weaknesses, opportunities and threats (environmental study) along with an in-depth analysis and forecasting of revenues, expenditures and long term obligations. Final plan documents will consist of a layout of the long-range financial plan with recommended actions and anticipated impact over a 10-year timeframe, and a platform for tracking the City's progress during the course of implementation. The plan is to emphasize not just analysis, but outreach to City Council and other key stakeholders and community and business leaders.

The Request for Qualifications (RFQ) was advertised in accordance with the State of Texas bid laws. Fifty four (54) respondents downloaded the solicitation request from the Strategic Procurement Division's ebid website and as a result, submissions were received from four (4) consulting firms: Berkeley Research Group, LLC, The Boston Consulting Group, PFM Group Consulting LLC and PricewaterhouseCoopers LLP. The evaluation committee consisted of five (5) evaluators from the Finance Department. The submissions were evaluated based upon the following criteria:

1. **Responsiveness**
2. **Technical Competence**
3. **Price**

PFM Group Consulting LLC received the highest overall score and was deemed the best qualified to perform the requirements as outlined in the RFQ. This firm has developed similar ten year financial plans for other U.S. cities including Providence and Baltimore and completed a five year strategy for Memphis, Pittsburgh, and Youngstown, among others. They have assembled a team with broad-based experience and the capacity to focus on opportunities for achieving efficiencies and savings in City operations.

Pay or Play Program:

The proposed contract requires compliance with the City's Pay or Play ordinance regarding health benefits for employees of City workers. In this case, the consulting firm provides health benefits to eligible employees in compliance with City policy.


Hire Houston First:

Hire Houston First does not apply to this procurement because the recommended vendor does not meet the requirements for HHF designation; no HHF firms were within three (3) percent.

M/WBE Participation:

This RFQ was issued with a 24% goal for M/WBE participation. This contract will be monitored by the Office of Business Opportunity.

Name	Type of Work	Dollar Amount	Percentage
EnFocus Strategies, LLC	Administration & Communications	\$78,055.00	14.7%
Backstrom McCarley Berry & Co., LLC	Revenue & expenditure assumptions	\$63,718.00	12%


 John J. Gillespie, Chief Procurement Officer
 Finance/Strategic Procurement Division

 Department Approval Authority Signature

Amount of Funding:

\$565,000.00 – General Fund (1000)

Contact Information:

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ATTACHMENTS:

<u>Description</u>	<u>Type</u>
<u>OBO Documents</u>	Public Notice
<u>Form A (Fair Campaign Ordinance)</u>	Backup Material
<u>Form B (Fair Campaign Ordinance)</u>	Backup Material
<u>Delinquent Tax Report</u>	Backup Material
<u>Department Recommendation</u>	Other
<u>Funding documents</u>	Financial Information
<u>Affidavit of Ownership</u>	Other