

Date: October 26, 2016

To: Board of Directors

From: Neil McFarlane *Neil McFarlane*

Subject: RESOLUTION 16-10-64 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH ECONOMIC CONSULTANTS OREGON, DBA ECONORTHWEST TO PROVIDE ECONOMIC FORECASTING AND CONSULTING SERVICES

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (Board) authorize the General Manager to execute a contract with Economic Consultants Oregon, dba ECONorthwest to provide Economic Forecasting and Consulting Services (Services).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Reason for Board Action

Board approval is required for personal services contracts obligating TriMet to pay in excess of \$150,000.

4. Type of Action:

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

In order to plan and budget for the future, TriMet requires an annual forecast of its local tax revenues, inflation, employment, and personal income. The accuracy of these forecasts is critical because payroll taxes provide 58% of TriMet's operating revenues. Decisions regarding the expansion of staff and services rely heavily upon TriMet's forecasts of revenues and expenditures. An annual growth difference of just one percentage point in the employer payroll tax, for example, currently translates to approximately \$2.0 million in revenues.

For the purpose of this contract, ECONorthwest will produce an annual forecast of TriMet's local tax revenues taking into consideration the economic indicators below:

1. Private and public employer payroll taxes;
2. State in-lieu taxes;
3. Self-employment taxes;
4. Portland, Oregon CPI, National CPI, and Transit Industry CPI;
5. Employment/Unemployment rates; and
6. Personal income for the Portland, Oregon, Metropolitan Statistical Area (MSA).

In addition to the annual forecast, ECONorthwest also performs economic consulting services for TriMet departments other than Finance throughout the year on an as-needed basis (i.e., Orange Line economic impact analyses, Streetcar analysis conferences with the FTA, and Legislative Revenue Office impact analyses).

6. Procurement Process

On July 14, 2016, TriMet issued a Request for Proposals (RFP) for Economic Forecasting and Consulting Services. The RFP sought firms with qualifications and experience in economic forecasting with an emphasis on public transportation and/or governmental entities.

On August 4, 2016, TriMet received three (3) proposals in response to the RFP from ECONorthwest, Moody's Analytics, Inc., and Northern Economics, Inc. An evaluation committee comprised of staff from TriMet's Finance department was appointed to review and evaluate proposals. Evaluation Criteria in the RFP addressed: (1) experience/capability of the firm, including workforce diversity; (2) experience/qualifications of key staff; (3) project understanding/work plan; and (4) price proposal.

Following the initial technical evaluation of proposals, the evaluation committee decided to shortlist ECONorthwest and Northern Economics to the competitive range. Moody's Analytics proposal was determined to be outside of the competitive range and the evaluation committee decided not to pursue it further. Interviews/discussions were held with both ECONorthwest and Northern Economics, and both were asked to submit a Best and Final Offer (BAFO). Overall proposal scores of the two finalists after receipt of BAFOs are as follows:

Evaluation Criteria	Possible Points	ECONorthwest	Northern Economics
Experience/Capability of Firm (inc. Diversity Plan)	20	14.3	15.8
Experience/Qualifications of Staff	20	18.5	16.8
Project Understanding/Work Plan	40	36.3	32.0
Price Proposal	20	20	18.4
Total Score	100	89.1	83

ECONorthwest's team is based in Portland and specializes in government related economic forecasting and consulting services. Their knowledge and understanding of the major economic indicators that TriMet focuses on set them apart from Northern Economics and makes them the most qualified firm to support TriMet for the Services.

Pricing for the contract will be based on hourly rates and overall completion times for the Services to be performed. No rate increases are allowed during the first year of the contract; any rate increases during the remaining years will be subject to TriMet approval, and will be tied to the Consumer Price Index (CPI) All-Urban Workers, for the Portland-Salem area. The estimated contract amount of \$199,270.00 is based on anticipated utilization of Services throughout the total term of the contract, which will be for a one year base term with four, additional one-year options at TriMet's sole discretion. Actual costs may vary and will be based upon TriMet's requirements.

7. Diversity

ECONorthwest intends to perform all of the Services with its own workforce, which is comprised of approximately 43.5% females and 2% minorities. ECONorthwest recently established an internship program with the goal of making entry-level positions available to a broader range of students. In the fields of computer programming and economics, which are still male dominated professions, 50% of ECONorthwest's interns this year are women. They continue to research and institute new methods for supporting workforce diversity and outreach to minorities, veterans, and women.

8. Financial/Budget Impact

These services are budgeted within the Finance Division.

9. Impact if Not Approved

The development of accurate annual forecasts is critical to TriMet's success in being able to project its financial needs during future Fiscal Years, plan its revenue base, and in turn ask for the appropriate amount of federal funding; including grant monies for special projects.

If this contract is not approved, TriMet risks the inability to project adequate funding, which could result in operating and grant-based expenditure overages, and the loss of existing staff via layoffs and/or hiring freezes.

DB/NY/pc

RESOLUTION 16-10-64

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH ECONOMIC CONSULTANTS OREGON, DBA ECONORTHWEST, FOR ECONOMIC FORECASTING AND CONSULTING SERVICES

WHEREAS, TriMet has authority under ORS 267.200 to enter into a one-year contract with four additional one-year options with ECONorthwest for Economic Forecasting and Consulting Services (Contract); and

WHEREAS, the total amount of the Contract shall exceed \$150,000; and

WHEREAS, the TriMet Board of Directors (Board), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve personal services contracts obligating TriMet to pay in excess of \$150,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager is authorized to execute the Contract.

Dated: October 26, 2016

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department