



Legislation Text

File #: 180528., **Version:** 2

Financial Modeling Services (B)

For a number of years GRU has utilized internally developed models to construct financial forecasts and assist in rate development. During the FY19 budget process 70 different model runs were generated to address various rate structure questions and issues, a process which required significant staff time and effort.

A spin-off of GRU's financial advisor Public Financial Management, Inc. has developed modeling software that provides the ability to consider many scenarios, as well as their associated branches and sequels that are typically requested as part of the budget process. It takes into account variables such as demand, rates across customer classes, operating revenue, capital forecasts, and financing alternatives. The model provides real-time analysis including:

- Rate-setting across multiple customer classes, what-ifs and analysis
- Volume/demand sensitivities
- Capital projects, magnitude and timing
- Operating initiatives, programs and projects
- Financing options and alternatives
- Real-time credit benchmarking against rating agency methodologies

This item was presented to the UAB on November 8, 2018, where it was approved on consent.

The contract calls for a one-time implementation fee of \$75,000 and annual fees of \$75,000.

Staff recommends that the City Commission approve the agreement with PFM Solutions LLC for provision of financial modeling platform services.

The UAB recommends the City Commission approve the staff recommendation.