

DATE: July 11, 2001

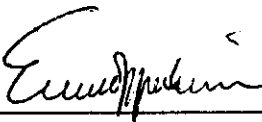
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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PERSONAL SERVICES CONTRACT FOR ECONOMIC CONSULTING SERVICES

J. Combs _____
T. Coroalles _____
J. Duggan* JD _____
H. Fujita _____

J. Kolb _____
M. Tamuri _____
M. Matthews _____



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

- Authorize the award of a personal services contract for as-needed economic consulting services to Business Valuation Services (BVS) for a term of three years and not to exceed \$100,000; and,
- Determine that, in accordance with Charter Section 1022, the subject work can be performed more feasibly by an independent contractor than by City employees; and,
- Direct the Board Secretary to forward the contract to the Mayor for review and approval in accordance with Executive Directive 16 and to the City Attorney for review as to form, and upon receipt of the necessary approvals arrange for execution of the contract.

SUMMARY:

During the Board's consideration of the revised Greek Theatre RFP earlier this year, staff was requested to contact nationally prominent firms and others to determine their availability to provide economic consulting services. All of the nationally prominent firms contacted (Deloitte-Touche, Ernst & Young, Price WaterhouseCoopers, and Arthur Anderson) declined this invitation for various reasons.

One firm that indicated a willingness to provide these services was BVS. The Board approved a

one-time contract with BVS last year to evaluate the proposers who submitted proposals for the Greek Theatre RFP. Based on the quality and timeliness of the work produced under that contract, staff recommends the firm be awarded a three year agreement to perform as-needed economic consultant services.

BVS was established in 1987 and specializes in financial and valuation advisory services. All BVS consultants are employees of the firm and include licensed public accountants, credentialed economists, and chartered financial analysts. Nearly all BVS professionals have advanced degrees in business, finance, or law. Senior Consultants of the firm give reported testimony on a regular basis in large commercial, bankruptcy, and tax litigation cases. BVS consultants often assist in arbitration, mediation, and settlement negotiations.

Support services that BVS could provide the Department in connection with concession related matters include the following:

- Conduct financial due diligence on proposers
- Develop financial and economic models of RFP submissions, including proforma solvency analyses of RFP submissions
- Perform sensitivity analyses based on product/program offerings, prices, costs, and public acceptance
- Estimate rates of return on investment for proposers in order to determine fair rents and contract terms.

Professional fees will be billed at hourly rates, which range from \$125 to \$275 per hour, or on a fixed fee basis once the scope of a specific assignment is determined. Reimbursable expenses will be billed separately. In recognition of the sensitive nature of the work to be undertaken for the City, all information gathered, developed, and otherwise made known to BVS will be held in the strictest confidence.