

Financial Assumptions & Cash Management Study Transportation Budget & 16 Year Financial Plan

I. SCOPE OF WORK

The consultant shall research, analyze, and make recommendations on a shared set or range of bond finance assumptions and methodologies for use in the development of the biennial and supplemental transportation budgets and 16-year transportation financial plan. The study will also examine cash management practices as they relate to the delivery of the transportation budget and 16-year transportation finance plan.

1. Analyze and make recommendations for a shared set or range of bond finance and modeling assumptions for use in development of both the transportation budget and attendant 16-year financial plan. Elements must include, at a minimum, the following variables:
 - a. Bond interest rate assumptions (appropriate indices, adjustments thereto, historical performance, etc);
 - b. Costs associated with bond sales;
 - c. Treatment of bond premium or discount, if any;
 - d. Debt service withholding, if any.
 - e. A discussion of the risk associated with utilizing the shared set or range of recommended assumptions.
2. Examine and provide recommendations on cash flow practices and processes at WSDOT, and between WSDOT and other agencies, as they relate to determination of the timing and sizing of WSDOT bond sale requests, capital spending under/over-runs, debt service withholding, minimum account balances, access to and impact upon the State's concentration account to cover short-term cash-flow needs, arbitrage considerations, and any other, relevant components impacting the compilation and administration of the 16-year transportation financial plan.
3. Review applicable Revised Codes of Washington's (RCW) and bond covenants as well as historical bond proceeds, expenditure patterns, and current projections.
4. Review historical bond proceeds, transportation capital expenditure patterns, and current transportation capital expenditure projections.
5. Review and analyze the bond models utilized by the agencies and Legislative transportation committees to develop the biennial and supplemental transportation budgets and attendant 16-year financial plan.

II. Contract Deliverables

1. Preliminary (draft) report with findings and recommendations by August 1, 2008.
2. Final Report with findings and recommendations by October 8, 2008 (or sooner).
3. Presentation of Final Findings to JTC, October 14, 2008 (Olympia or Central Puget Sound area. If completed sooner, September 17, 2008)
4. Coordination with agencies and project working group via weekly conference call. Consultant staff will be available for limited consultation on implementation of study recommendations during the initial budget development process.