



State of West Virginia State Agency Performance And Program Review

RFP No. SEC960032

May 14, 2009

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Dean Kaplan, Managing Director

5/13/09
Date

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May 13, 2009

Ms. Krista Ferrell
Buyer Supervisor – File 21
State of West Virginia
Purchasing Division
2019 Washington Street, East
P.O. Box 50130
Charleston, WV 25305-0130

Dear Ms. Ferrell:

Please accept the enclosed proposal from Public Financial Management, Inc. (PFM) to assist the State of West Virginia by providing performance and program review services for state agencies within the Executive Branch of government. Through our work with state governments around the country, we understand the unique challenges a project of this nature entails, and we have developed an approach and work plan that we believe will achieve the results you seek.

From our perspective, this is an opportune time for this review and a wise move on the part of the State. The states collectively are grappling with widespread revenue shortfalls and budget pressures encountered during a severe economic downturn. Today, the Rockefeller Institute of Government announced that nationally state tax revenues declined by nearly 13 percent in the first quarter of 2009, with personal income tax collections down by nearly 16 percent – which, like many states, is the largest single source of general fund revenue for the State of West Virginia. While federal stimulus funds have provided some much-needed relief, they are not permanent, and all states should be looking – as West Virginia is – for opportunities to increase efficiency and effectiveness in delivering state services.

The State has benefitted from a previous critical look at its government operations. In our experience as former state budget directors and other high-ranking government officials, this is a good opportunity to take a fresh look at Agencies' processes, structure and effectiveness. PFM would bring the State that new perspective – a different set of eyes and experiences to apply to the State of West Virginia. It has been said a lot of late that 'a fiscal crisis is a terrible thing to waste.' We are confident that PFM could provide new opportunities for cost savings and efficiencies for the State as it copes with the current set of circumstances.

PFM is ready to dedicate an experienced team of senior professionals who have handled similar efforts as leaders in large governments and as project consultants. Randall Bauer and John Cape, Directors, State Strategic Consulting, will manage the project. Randall is a former State of Iowa Budget Director, who has managed multiple projects for PFM with the State of Nebraska as well as a large-scale staffing benchmarking analysis for the State of Illinois Office of Management and Budget that encompassed their Department of Human Services, Department of Health and Family Services and Department of Natural Resources. Randall will be joined by John Cape, former Director of the New York State Division of the Budget, who has led multiple budget and organizational reform projects with the Commonwealth of

Pennsylvania's Governor's Budget Office and Department of Public Welfare. Both Randall and John are currently providing the State of Georgia policy and program support around utilization of its Federal Stimulus funding.

Other senior members of the PFM team will include Michael Nadol, Managing Director and formerly Finance Director for the City of Philadelphia, who has led multiple engagements for the Commonwealth of Pennsylvania; Dave Sallack, Managing Director and formerly Director of Fiscal Administration for the Pennsylvania Department of Education; and Nickie Whitaker, Senior Managing Consultant, who is managing an engagement with the City of New Orleans focused on rebuilding their budgeting process and other systems in the wake of Hurricane Katrina and previously led an engagement with the State of Tennessee.

Government clients are our singular priority, and we are dedicated to that work. As a leader in our strategic consulting practice, I am committed to developing and building enduring relationships throughout the country. We appreciate this opportunity to present our team and qualifications.

Thank you for your consideration, and please do not hesitate to contact me with questions or if further information is desired. We look forward to hearing from you.

Sincerely,
Public Financial Management

A handwritten signature in black ink, appearing to read 'Dean Kaplan', written over a horizontal line.

Dean Kaplan
Managing Director



Section I – Experience and Qualifications



Experience and Qualifications

4.2.1 Experience with State Government Performance Reviews

The State of West Virginia is seeking a qualified firm to assist with state government performance reviews. PFM has recommended similar reviews to other government clients, and we believe it is a wise course of action given the current economy and the stress it is putting on state budgets across the country. While the State has conducted a similar review in previous years, this is the perfect opportunity to get a fresh perspective – a new outlook – on opportunities for the State to operate more effectively and efficiently.

PFM has broad experience as a firm with providing Performance Reviews for state governments, as well as very large local governments with many similar functions. Beyond that experience the project's two key principals, Randall Bauer and John Cape, led or were key parts of state government performance efforts while state budget directors in Iowa and New York.

As specific examples, Randall Bauer chaired Governor Thomas Vilsack's 2001 Organizational Review of Revenue and Finance Operations and was a member of the State Steering Committee for the Governor's 2004 Government Reinvention project. At PFM, he managed multiple organizational assessment projects with the State of Nebraska Department of Administrative Services and managed a performance review focused on staff benchmarking for the Illinois Office of Management and Budget for the Departments of Health and Family Services, Human Services, and Natural Resources. He was also a senior member of the team that conducted a performance review of the Centers of Excellence for the State of New York Division of the Budget.

John Cape is a 34 year veteran of state government; he devised and implemented New York State's Strategic Planning for State Agencies process, which remains in use today. He oversaw the reorganization of major agencies, the restructuring of the State's Medicaid, Welfare, and Criminal Justice programs. At PFM, John managed the portion of the Illinois Governor's Office of Management and Budget project for the Department of Natural Resources and parts of the Department of Human Services. John was a senior member of the project teams for the State of Nebraska Department of Administrative Services. Most recently, John has led a restructuring effort with the Commonwealth of Pennsylvania's Governor's Budget Office.

They will be joined by other PFM professionals with significant experience with state government projects of a similar nature. Michael Nadol managed the program assessment of the State of New York's Centers of Excellence and also has managed multiple workforce-related engagements for the Commonwealth of Pennsylvania. Nickie Whitaker was a senior member of the teams for the Nebraska Department of Administrative Services and managed a portion of the Department of Human Services project for the Illinois Office of Management and Budget. Rumana Ahmad has managed multiple projects for the Commonwealth of Pennsylvania's Department of Public Welfare.

The following case studies highlight some of the representative experience in this area:



State of Nebraska Department of Administrative Services Operational and Organizational Assessment

In 2007, PFM was hired by the Department of Administrative Services (DAS) to assess the operational and organizational performance of four of its eleven divisions. To provide this assessment, PFM conducted extensive interviews with DAS leaders, division administration and managers, and staff (in three of the four divisions interviewing nearly every staff member). These interviews touched on work procedures, business processes and activities, as well as divisional organization and key performance metrics and measures.

PFM also developed and analyzed electronic user surveys, conducted and analyzed benchmarking surveys, and documented work processes. Based on this information and follow up contacts with Division leaders and staff, PFM issued a final report with scores of recommendations for short and long term changes to front line operations, organizational structure, organizational performance measures, and management. Based on this report, PFM was retained for three additional assignments – as assessment of an additional division, a strategic planning process for DAS as a whole, and assistance with implementation of the recommendations from the original assessment. That work is in progress.



State of Illinois, Office of Management and Budget Staffing Analysis and Benchmarking

In 2006, PFM was hired to conduct an analysis of staffing and performance levels for three departments within the State of Illinois: the Departments of Natural Resources, Healthcare and Family Services, and the non-residential facilities portion of Human Services. The primary goals of the project were to develop findings and recommendations related to staffing levels and patterns within the Departments, research best practices and make recommendations on their application in Illinois, develop staffing benchmarks based on practices in Illinois and comparable states, and determine a methodology for making staffing decisions in the future.

The in-scope Departments are some of the largest in state government, with a combined headcount of over 20,000 employees. Given their size and complexity, the PFM team submitted an extensive information request to the Departments, including information on Department historic staffing and funding levels, programmatic functions, payroll, overtime and position turnover data, organizational charts, job classifications and descriptions, prior staffing reports, audits, and workload information. The Team conducted extensive interviews with the Department's leadership as well as Division Heads, Bureau Chiefs, and other key personnel and conducted site visits across the state.

PFM worked with Department staff and subject matter experts to identify key staffing benchmarks in comparable states and analyze current work processes. Based on this research and analysis, PFM identified early findings to the GOMB in late February, as well as briefing the Departments in March and April. Preliminary reports, including key benchmarks, recommended changes to staffing levels down to the job classification and specific office location levels, were provided in May and early June. The Office of Management and Budget was briefed and final reports issued in July 2006.



Experience and Qualifications

Empire State Development

State of New York Division of the Budget Evaluation of Centers of Excellence

The Laws of 2002 of the State of New York established the Centers of Excellence program for the purpose of “fostering collaboration between the academic research community and the business sector to develop and commercialize new products and technologies; to promote critical private sector investment in emerging high technology fields in New York State; and to create and expand technology related businesses and employment.”

The State of New York, through the Empire State Development Corporation, has invested hundreds of millions of dollars in these Centers, with a goal of catalyzing long-term economic growth in each targeted region and statewide. Approximately five years into this program, the State hired PFM to lead an interim Progress Review of the first five Centers of Excellence and the program overall: The Albany Center of Excellence in Nanoelectronics; The Buffalo Center of Excellence in Bioinformatics; The Rochester Center of Excellence in Photonics and Optoelectronics; The Stony Brook Center of Excellence in Wireless and Information Technology; and, The Syracuse University Center of Excellence in Environmental and Energy Systems.

This progress review included:

- Evaluation of progress to date toward achievement of legislatively established goals;
- Documentation of the current full capital and operating costs and budget for each Center with a projection of future operating costs;
- Assessment of the performance of each Center versus performance plans; particularly as related to the completion of facilities, securing of private and institutional funds, attainment of Center job creation, achievement of financial sustainability, and development of an economic development and marketing plan; and,
- Development of prospective recommendations at both Center-specific and program-wide levels.

PFM conducted extensive interviews and document review involving Center leadership, State officials, private partners, and other key stakeholders. The analysis included direct site visits to the Centers, review of job creation and financial investment data, and research regarding best practices and other state-level programs nationally in this area. PFM developed recommendations for state policymakers toward strengthening program metrics, Center operating plans, and long-term program direction – providing a more informed foundation for future decision-making.

3.1.2 Experience in Identifying and Achieving Government Efficiencies

The genesis of PFM's strategic consulting practice was developing financial plans to help turn around fiscally distressed local governments. Over time, that focus has expanded to include work with governments at all levels of fiscal and financial health, including highly effective state governments like the State of West Virginia. PFM's knowledge and experience in conducting

"From the conference room of PFM on this otherwise dreary night came the simmering sense of something powerful...flowed a current that hadn't been felt in the city for years, a feeling that somehow, in some way, something within it could actually be changed."

By Pulitzer Prize-winning author Buzz Bissinger from the book "A Prayer for the City", on PFM's efforts to help Philadelphia guide itself to financial stability



Experience and Qualifications

financial analysis stems from those original, highly successful engagements. Among the early PFM successes:

- Philadelphia's \$225.5 million fund balance deficit in 1991 was a \$152.7 million surplus in 2007.
- Washington DC's \$378.5 million fund balance deficit in 1994 was a \$389.6 million surplus in 2007.
- Nassau County, NY's \$200.0 million fund balance deficit in 2000 was a \$143.3 million surplus in 2007.
- Pittsburgh's \$32.5 million fund balance deficit in 2004 was an \$87.3 million surplus in 2007.

The following detail two recent projects that demonstrate this knowledge and experience and involve key members of the proposed team for the State:

Kansas City, Missouri Development of a Long-term Financial Plan

The largest US city between Chicago, Dallas, and Denver and with a \$1.2 billion budget, Kansas City has generally strong (AA+) credit ratings and financial practices. However, recent budgets have hinted at longer-term structural budget problems. In September 2009 the City hired PFM to assist with the development of a multi-year financial plan.

During the four-month project period, PFM met with more than 100 stakeholders (including City Council members, the City Manager and senior finance and budget staff, departmental managers, municipal union leaders, regional business and civic associations, and neighborhood representatives). PFM reviewed extensive City financial and management reports and data, benchmarked the City relative to a group of 10 comparable cities, as well as versus national public sector metrics; created a multi-year budget model to project revenues and expenditures for ongoing use by City staff; and developed a financial planning report to cover a range of options for City leadership to address a projected budget gap and improve long-term financial health.

As a result of the national economic recession, the City's finances deteriorated significantly during the project, and the PFM team worked with the City to identify the growing fiscal gap it faced and revised its project approach to focus on higher-dollar opportunities for changes to current practices.

Upon completion of the report, PFM made several presentations to key stakeholder groups, among them the City Council, a Mayor's symposium on the City's future, the Kansas City Civic Council and Chamber of Commerce. The City has already acted on some of the recommendations – with savings in the millions of dollars – and incorporated many others into its proposed budget for the coming year. As a result of the success of the initial work, the City has asked PFM to assist with implementation efforts and a follow-up review of the City's Capital Improvement Program and CIP project management to focus on best practices and possible redesign of its business processes.

"After watching Mayor Mark Funkhouser's blue-ribbon budget panel in action Friday afternoon, here's my observation. This panel needs to focus laser-like on the task at hand: What are the best recommendations we can make to balance the budget? And the single best way to do that is to read the first 17 pages of the "Five Year, Long-Term Financial Plan" that the PFM Group prepared for the city."

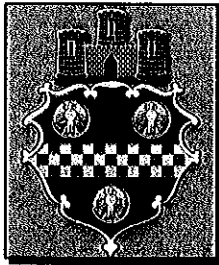
By Kansas City Star
Editorial Page Columnist
Yael T. Abouhalkah,

"The City Council, in fall 2008, engaged PFM, Inc., a financial consulting firm, to develop a five-year financial plan to resolve [the City's] underlying budget challenges. The proposed budget begins implementation of those recommendations"

Kansas City City Manager Wayne A. Cauthen
Proposed FY2009-2010
Operating Budget Message
January 15, 2009



Experience and Qualifications



Pennsylvania Dept. of Community & Economic Development Act 47 Recovery Plan Coordinator for the City of Pittsburgh

In August 2003, Pittsburgh laid off 446 full and part-time employees, including nearly 100 police officers. City recreation centers were shuttered, public swimming pools closed, and services from police mounted patrol to graffiti-removal eliminated. In fall 2003, the City's credit ratings were downgraded repeatedly, leaving Pittsburgh as the nation's only major city to hold speculative "junk bond" ratings. The City's most recent independent financial audit has even questioned Pittsburgh's ability to continue as a going concern.

In response, the City filed for distressed status in accordance with the Pennsylvania Municipalities Financial Recovery Act, ("Act 47"). Following a detailed review of the City's finances, the Pennsylvania Secretary of Community and Economic Development (DCED) found that Pittsburgh qualified as financially "distressed", triggering the requirement to develop a Recovery Plan. In late January 2004, PFM and a regional law firm were appointed Coordinator for the City under Act 47, and engaged by DCED to develop a multi-year Recovery Plan.

This Recovery Plan is unprecedented in its size and scope under Act 47, as Pittsburgh is the largest municipality ever to enter Pennsylvania's distressed municipalities program. The Act 47 team spent over 2,500 hours developing solutions for the City's financial crisis. Members of the Act 47 team visited City facilities to interview City managers and employees, met with officials of all nine City unions, and interacted regularly with members of City Council and senior Administration officials. Act 47 team members also met individually and in groups with civic and community organizations, governmental and economic development agencies, and representatives of regional business and professional groups. A line-by-line, multi-year budget projection model was developed, and current City operations were evaluated against national best practices.

The final 234 page final document included more than 200 specific recommendations to close annual deficits projected to grow from approximately \$72 million in 2005 to nearly \$115 million for FY2009 alone (against a current revenue base of approximately \$365 million), incorporating the following major strategies:

- Scores of changes to the way the City does business, ranging from Fire Bureau restructuring, to fleet reduction, to elimination of non-essential programs;
- 29 intergovernmental cooperation initiatives, from multi-agency joint purchasing to 911 call center merger with Allegheny County to shared crossing guard funding with the Pittsburgh School District;
- Multiple managed competition measures, ranging from fleet services reform to EMS and parking ticket billing and collections outsourcing;
- A workforce cost containment strategy, including measures to moderate wage growth and control fast-rising benefits expenditures; and,

The Act 47 Plan would "trim excess city operations and force government to live within a balanced budget."

Pittsburgh Post Gazette Editorial
June 24, 2004

"The recovery plan leaves us feeling optimistic Pittsburgh will, someday, put its financial house in order and move on to the business of being a great city."

Pittsburgh Business Times Editorial
May 28, 2004

Experience and Qualifications

- Strengthened financial management practices and strategic investment in long-term fiscal health, including capitalization of a Productivity Bank to finance City government efficiency investments and formalization of a Fund Balance policy toward the gradual rebuilding of prudent reserves.

Following a public hearing and comment period, the final Recovery Plan developed by the Team was filed June 11, 2004, and approved by City Council and the Mayor by the end of that month. The *Pittsburgh Post-Gazette* editorialized that the "Act 47 Plan is fiscally sound, and seeks to counter excessive Pittsburgh budgets that were tilted the other way." Subsequently, the City has regained its investment grade credit rating. PFM and Eckert Seamans continue to serve as Recovery Plan Coordinator to oversee implementation of the Plan.

State of New York Division of the Budget Erie County Four-Year Financial & Management Plan



The State-created Erie County Fiscal Stability Authority engaged PFM to assist Erie County (annual general fund budget of approximately \$900 million) with a Four-Year Financial Planning effort to help the County close a budget deficit projected to be \$140 million in FY2006 without corrective action. Through PFM's analysis and facilitation, the four year fiscal gap was identified, and over 150 initiatives yielding potentially \$260 million through containing costs, improving non-tax revenues, restructuring County organization, and spurring productivity were proposed. Between August and October 2005, two four year plans (FY2005-08 and a FY 2006-09) were completed.

This project included a detailed analysis of all of the City's major departments within a process that was designed to maintain the focus of the County government upon policy decisions and operational practices which will make the government more efficient, more accountable, and more effective. The plans included input from all levels of County government, including the County Executive, senior executive staff, financial and operations managers, other elected officials and their staff, members of the Judiciary, and contractors supporting department operations.

3.1.3: Experience in the Analysis of State Budgets

The assembled PFM team brings unrivalled experience with analysis – and implementation – of state budgets and budget recommendations. This is an important distinction: while many consulting firms have experience working with state budgets and state budget staff, PFM's project principles have that experience on both sides of the table. As former State Budget Directors, Randall Bauer and John Cape bring over 50 years of hands-on state budget experience to the table. They are augmented by a team with literally scores of years of complementary state government experience.

PFM's state projects – with the Commonwealth of Pennsylvania and the States of Georgia, Illinois, Nebraska, New York and Tennessee – have all required analysis of state budgets and the impact of specific recommendations on those budgets.



Experience and Qualifications

3.1.4: Experience with Revenue Maximization for State Medicaid Programs

The assembled PFM team has experience both in state government and as a consultant with Medicaid revenue maximization. While Budget Director for the State of New York Division of the Budget, John Cape led a team that was nationally noted for its innovative approaches to maximizing federal match for the largest Medicaid program in the nation (\$50 billion annually). These included aggressive use of the Home and Community-Based Waiver for community treatment of elderly and disabled in the community; several unique Section 1115 waivers, including the first-in-the-nation program to downsize under-utilized hospitals and nursing homes, and to provide expanded care to children in Foster Care. During his tenure, New York implemented extensive use of Managed Care for the vast majority of the state's Medicaid population, aggressive reforms of pharmaceutical formularies and controls, and established the Office of the Medicaid Inspector General that is responsible for more than \$500 million in annual recoveries.

Both the States of New York and Iowa utilized situation-based approaches, including a variety of waivers, to increase Medicaid revenues, particularly during the 2001-2002 national economic downturn.

Besides this experience, several PFM projects have involved similar experience. PFM's analysis of staffing requirements for the Illinois Departments of Human Services and Healthcare and Family Services required knowledge of and analysis of the impacts of staffing decisions on Medicaid reimbursement. PFM recommended various approaches – including the use of waivers – to base staffing decisions on sound policy choices that were also mindful of federal revenue outcomes. Because counties in the State of New York are more actively involved in the Medicaid program than in most states, PFM's development of a long-range financial plan for Erie County, New York also contained a variety of Medicaid revenue maximization strategies.

3.1.5: Experience with the Development and Analysis of Public Policy

PFM has been actively involved in the development of public policy in nearly every key area within state and local government. As the list of strategic consulting clients indicates, this experience is diverse in terms of the types of governments and regions where we work.

PFM works closely with its government clients to analyze current performance and recommend changes that improve overall public policy. The following are a handful of examples of this experience.

Commonwealth of Pennsylvania Department of Public Welfare Review of County Needs-Based Budgets and Budgeting Procedures

In 2007, PFM was engaged to evaluate the various programmatic and fiscal data related to its funding of local Child Welfare programs. The analysis focused on the annual process of providing funding to Pennsylvania's counties through what is called "The Needs-Based Budget" (NBB). PFM worked extensively with staff in the Department's Central Office as well as



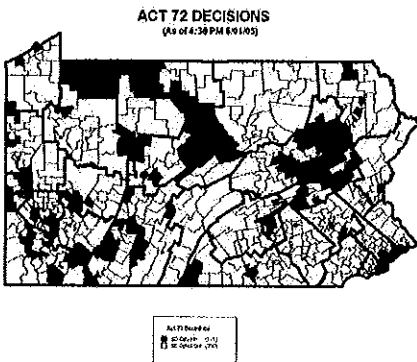


Experience and Qualifications

Regional locations. We attended meetings with key counties, built a comprehensive database of spending trends, for each county, as well as state-wide and regional aggregates, on over 30 categories and sub-categories of child welfare programming. Additionally, the spending data was compared to available delinquency and dependency data to create outcome measures. We also examined the impact of this large State program on local finances and provided a case study on Chester County that highlighted opportunities for better cooperation between the Commonwealth and its counties.

The results of this analysis was synthesized in a major report that provided a wide variety of trends and measures never before available to the Commonwealth, along with a series of recommendations for creation of a more data-driven decision-making process for the NBB.

As a result of this analysis, the evaluation of the local child welfare needs for 10 Pennsylvania counties was based on the hard spending and performance data and trend analysis completed by this project. As we recommended, the Commonwealth is changing its Needs-Based Budget process to include spending profiles and performance goals taken directly from our work.



Commonwealth of Pennsylvania Tax Reform Projection Model for Pennsylvania School Districts

In July 2004, the Commonwealth of Pennsylvania passed Acts 71 and Act 72 – “The Homeowner Tax Relief Act” – which legalized up to 3,000 slot machines across the state. The primary goal of the Act 72 was to provide property tax relief to homeowners through a combination of new gaming revenues and an additional school income tax. Participation in Act 72 was not mandatory, and School Boards were given a deadline of May 30, 2005 to decide whether or not to participate in the Act. Should a school district decide to “opt-in” to Act 72, the School Board would have to increase the local Earned Income Tax (EIT) the first year that gaming distributions became available. In addition, an “opt-in” to Act 72 would restrict the School Board’s discretion over future tax increases. With the exception of certain emergency cases, School Boards opting in to Act 72 would not be able to increase property taxes by an amount greater than the rate of inflation without first gaining voter approval in a referendum.

Many School Districts across the state found Act 72 difficult to interpret due to its complexity and potential issues around gaming receipts. In 2004 and 2005, PFM constructed an interactive tax projection model to help school boards to consider multiple effects of their decision, including the estimated average property tax reduction per household at different assumptions of total state gaming distributions, and the estimated minimum EIT increase required to offset the property tax reduction. Given the cross-cutting impact of the laws governing suburban commuter wage taxes in the Philadelphia region, the model also discounted projected EIT receipts from Philadelphia commuters living in other taxing jurisdictions in southeastern Pennsylvania. Finally, the model assessed the impact of the property tax reduction and EIT substitution under six alternative scenarios: for homeowners at three different home values and for renters at three different levels of income.



Experience and Qualifications

Buffalo Fiscal Stability Authority, the state-appointed Board responsible for the financial control of the State of New York's second largest city. Heidi Patterson was Executive Assistant to both the Director of the Iowa Department of Management and the Governor's Chief of Staff; later she served as Executive Director of the Iowa Accounting Examiners Board.

Beyond this front-line experience, PFM has provided this sort of advice on fundamental policy matters for Governors and state Agency Heads on numerous occasions. Previous case studies highlighted our work with the Illinois Governor's Office of Management and Budget on a staffing analysis of three of its largest departments. The organization review and assessment of the Nebraska Department of Administration Services is another good example. Beyond these, we would provide the following similar examples:

Commonwealth of Pennsylvania Governor Rendell Transition Services



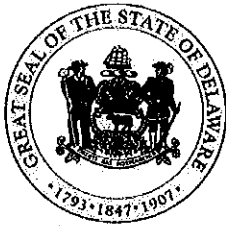
Beginning in January 2003 with transition services for the incoming administration of Governor Edward G. Rendell, PFM advised the Commonwealth of Pennsylvania on fiscal and policy issues. These services were central to the development of key strategies for both addressing state budget shortfalls in the near-term and revitalizing Pennsylvania's economy for the long-term.

In support of budgetary initiatives, PFM services have included:

- Development of a sophisticated financial model used to evaluate alternative education funding and tax change scenarios integral to formulation of major budget and policy reforms;
- Financing plan development for a major economic stimulus program, and econometric analysis of projected job creation;
- Quantitative and research support for collective bargaining with state employee unions, including compensation surveys, and preparation of expert testimony for public safety interest arbitration;
- Coordination support for Medicaid cost containment policy development;
- Fiscal impact analysis for the introduction of racetrack gaming;
- Strategic input for the development of a school construction program;
- Financial modeling of alternative strategies to address a growing health care crisis resulting from skyrocketing costs for medical malpractice insurance;
- Analysis of debt restructuring and other strategies for stabilizing the finances of major Pennsylvania airports in light of ongoing airline financial difficulties;
- Development of quantitative models for evaluating potential school district consolidation opportunities;
- Leading needs-based budgeting and Title IV-E reforms for child welfare services; and,
- Development of financial recovery strategies for the City of Pittsburgh and several smaller distressed municipalities on behalf of the Commonwealth's Department of Community and Economic Development.



Experience and Qualifications



State of Delaware Department of Transportation Long Range Capital Planning and Evaluation of Public Private Partnership Opportunities

PFM was appointed financial advisor to the State of Delaware and the Delaware Department of Transportation in 2001. As part of overall financial advisory services, PFM provides financial and capital planning for DeIDOT and developed an extensive model to assess their 25-year capital program. The model is capable of accepting any enhancements to the various revenues that funded the program, grew expenditures at individual rates provide by the Department and maintained their agreed upon pay-as-you-go ratio and bond coverage levels. The model assesses the debt capacity of the Department and took into account expected pay-as-you-go revenues to illustrate where program shortfalls may occur. This model is used by the Department to measure the capacity to undertake new programs and the effects of fee adjustments to support new capital projects.

Most recently PFM is assisting in the development of DeIDOT's public-private initiatives program for specific projects. PFM contributed to the development of program strategy and the request for proposals. PFM will also participate in the evaluation of proposals from contractor teams.



State of Iowa Tobacco Settlement Authority Evaluation of Opportunity to Securitize the State's Tobacco Settlement Revenue Stream

The Tobacco Settlement Authority, consisting of the Director of the Department of Management, State Treasurer and State Auditor, was created in 2000 by the Iowa General Assembly and charged with the responsibility of establishing and implementing a tobacco settlement Program Plan for the management of revenue to be received by the State in accordance with the terms of the Master Settlement Agreement (the "MSA") between tobacco manufacturers and the State. The Program Plan was to provide the State with a secure and stable source of revenue to fund public health initiatives directed at reducing teenage smoking as well as various department of human services programs. The Program Plan was to address the possible sale of all or a portion of the State's share of revenues to be derived from the MSA. Implementation of the Program Plan was subject to the authorization of each house of the General Assembly and approval by the Governor.

In September 2000, the Authority retained PFM to act as financial advisor to the Authority and to assist in the development of the Program Plan. PFM undertook a financial study of alternatives to leverage the State MSA revenues in order to establish a trust or endowment that would be used by the State to fund future public health and human services programs as approved by the General Assembly. The benefits and risks associated with each alternative were compared to the benefits and risks associated with utilization of the MSA revenues on a pay-as-you-go basis. In addition to the evaluation of financial benefits and risks, other non-financial and public policy considerations associated with each alternative were identified and discussed.

Based on PFM's analysis and recommendations, the General Assembly and Governor approved a Program Plan that included securitization of a portion of its tobacco settlement revenue stream. The Iowa deal obtained some of

Experience and Qualifications

the best pricing of non-specialty state tobacco securitizations in the country. PFM also advised the Authority on subsequent refundings in 2005.



Commonwealth of Pennsylvania Department of Public Welfare Review of County Needs-Based Budgets and Budgeting Procedures

In 2007, PFM was engaged to evaluate the various programmatic and fiscal data related to its funding of local Child Welfare programs. The analysis focused on the annual process of providing funding to Pennsylvania's counties through what is called "The Needs-Based Budget" (NBB). PFM worked extensively with staff in the Department's Central Office as well as Regional locations. We attended meetings with key counties, built a comprehensive database of spending trends, for each county, as well as state-wide and regional aggregates, on over 30 categories and sub-categories of child welfare programming. Additionally, the spending data was compared to available delinquency and dependency data to create outcome measures. We also examined the impact of this large State program on local finances and provided a case study on Chester County that highlighted opportunities for better cooperation between the Commonwealth and its counties.

The results of this analysis was synthesized in a major report that provided a wide variety of trends and measures never before available to the Commonwealth, along with a series of recommendations for creation of a more data-driven decision-making process for the NBB.

As a result of this analysis, the evaluation of the local child welfare needs for 10 Pennsylvania counties was based on the hard spending and performance data and trend analysis completed by this project. As we recommended, the Commonwealth is changing its Needs-Based Budget process to include spending profiles and performance goals taken directly from our work.

3.1.7 Experience with coordination of interdisciplinary and interagency projects

The PFM team has extensive state government experience with interdisciplinary and interagency projects. As a few examples from their past government experience, As state budget director, Randall Bauer chaired Governor Thomas Vilsack's Revenue and Finance Enterprise Planning Team, which helped shape and direct the Administration's goals and policies in this area. This interagency team included the Governor's office, Department of Management, Department of Revenue, Department of Administrative Services, Department of Education and State Lottery Board. Randall was also a member of the Project Steering Committee for the state's 2004 Government Reinvention Project – a multi-million dollar government savings and efficiency effort that led to awards from both the Ash Institute of Government and the Council of State Governments. Based on a presentation he gave at a Governing Magazine national conference, Randall authored the chapter on "Managing the Needs of Multiple Departments" for Macromedia's 2004 "E-government Transformation: Best Practices" compendium.

As New York State Budget Director, John Cape Chaired the Local Government Assistance Corporation Board, and the Public Authorities Control Board. In addition, in 1995 he chaired the Administration's internal



Experience and Qualifications

Welfare and Medicaid Reform Task Force. In all of these assignments, he coordinated large groups of disparate staff and stakeholders and navigated dozens of issues and scores proposals to reach a consensus on solid, reasonable conclusions and recommendations that were subsequently implemented successfully. During his 34 year tenure in State government, he worked directly on the reorganization of State agencies charged with: criminal justice (consolidation of Division of Criminal Justice Services, Probation, Crime Victims and oversight of state and local correctional institutions), the environment (consolidating environmental health in the State Health Department, Consolidating air, water and ground pollution control, management and remediation in a new Department of Environmental Conservation), and welfare/child welfare (creating specialized agencies to implement Welfare Reform Office of Temporary and Disability Assistance -- and to bring better focus and results to child welfare – Office of Children and Family Services). Cape also served as the Governor's lead negotiator on the creation of a cost cap on the local share of Medicaid where he worked with New York's 62 Counties.

Nickie Whitaker led an enterprise-wide integration of the state's financial systems with a new performance-based budget system.

PFM's state projects have also required this sort of coordination. For example, the program review of the State of New York's Centers for Excellence was a typical example of the need to coordinate competing needs and perspectives between institutions of higher education and the job creation and economic development outcomes the program seeks to achieve. Likewise, the staffing analysis conducted for the Illinois Governor's Office of Management and Budget touched on three departments with sometimes competing as well as complementary interests. In many areas, the PFM analysis reached beyond typical division or departmental lines to seek ways to improve overall results.

3.1.8 Experience and knowledge of working with state governments

The case studies already provided – including projects with the Commonwealth of Pennsylvania and the States of Delaware, Georgia, Illinois, Iowa, Nebraska and New York demonstrate our ability to work in a variety of roles and responsibilities. The PFM team has the knowledge, experience and expertise to adapt to the unique needs of different state governments and their specific circumstances. The following provide additional examples of the capacity of PFM's state level team:

State of Tennessee Division of Bond Finance Development of an RFP and Evaluation of Responses for a Debt Management System

The Division of Bond Finance of the Comptroller of the State of Tennessee manages \$2 billion of debt. The issuing agency, the Division of Bond Finance, contracted with PFM to develop detailed business requirements for a debt management system. The system would include functionality to support the administration of new debt issues, disbursement of loan proceeds, and compliance with tax and security regulations for debt issued for a variety of programs with differing requirements. The Division's capabilities to analyze refunding opportunities and to develop a variety of reports will also be greatly enhanced.

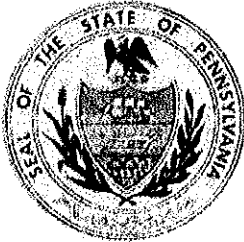




Experience and Qualifications

PFM worked closely with Division staff to conduct an in depth analysis and review of current business processes as well as an assessment of future needs to ensure adequate functionality was defined in the system requirements. As a result, PFM recommended a series of business process improvements to streamline procedures and eliminate duplicative actions. In addition, PFM advised on necessary reports for the new system, made staffing and process change recommendations, and advised on contract language for licensing and software agreements.

Since the issuance of the RFP, PFM has reviewed and provided input on vendor responses. The Division has asked PFM staff to provide ongoing, periodic assistance with vendor selection and the implementation of the debt management system. PFM's work will play an important role in supporting the State of Tennessee's efforts to achieve enhanced debt management.



Commonwealth of Pennsylvania Expert Witness Testimony

In early 2003, PFM was engaged to provide quantitative and analytical support for the Commonwealth of Pennsylvania in bargaining involving 21 unions representing over 65,000 state employees. Facing an approximately \$2 billion deficit at the start of the FY2004 budget cycle, it was imperative for the Commonwealth to negotiate affordable settlements with a high degree of reliability in the associated cost analysis.

Specific assignments for PFM in this process have included: review and refinement of the Commonwealth's costing methodologies; survey and analysis of health benefit programs in neighboring states; and development of a "State of the States" presentation regarding national public sector fiscal crises delivered during large-scale bargaining sessions to help place management proposals for concessions into a broader economic context.

In June 2003, Pennsylvania reached four-year settlements with its major civilian employee unions that included two-year wage freezes, institution of the state's first employee cost-sharing for health benefit premiums, and significant health plan redesign to improve affordability. To begin to address retiree medical costs, eligibility requirements were extended from 15 to 20 years, annuitant cost-sharing for premiums was introduced, and plan redesign was adopted. Overall benefits reforms achieved projected savings of \$551 million over four years relative to maintaining status quo benefits.



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PA Health Benefits Reforms

Introduction of Commonwealth's first employee premium cost-sharing concurrent with first raises (rising to 1% of salary by final year).

Significant plan redesign to further contain costs, for example:

- phase-out of indemnity plan;
- prescription co-pays from \$6 for generics and 15% up to \$25 maximum for brand drugs to \$10 generic; \$18 preferred brand; \$36 non-preferred;
- increased deductibles and co-insurance;
- tightened **spousal** eligibility rules; and,
- reduced coverage levels for probationary employees.

Retiree coverage eligibility extended from 15 to 20 years, annuitant premium contributions introduced, plan redesign.

Subsequently, with work ongoing through 2005, PFM has also analyzed wages and benefits for five bargaining units subject to interest arbitration – State Troopers, Correction Officers, Capitol Police, Park Police, and Game Conservation Officers – and has delivered expert witness testimony in those proceedings.

More recently, we have also worked with the Commonwealth to explore alternatives for addressing escalating employer pension contribution requirements.

3.1.9 Experience with the development of legislative recommendations and reports

PFM's state government experience brings an understanding that most Executive Branch initiatives will also require the involvement and/or support of the Legislative Branch. Beyond this Executive Branch perspective, Randall Bauer spent 10 years as budget, tax and economic development senior staff for the Iowa Senate, Dean Kaplan served as Legislative Director to Pennsylvania Congressman Bob Edgar, and Gordon Mann served as legislative staff to a New York State Senator..

Nearly all the PFM case studies have involved some form of legislative involvement. The following two case studies clearly highlight PFM's ability to work in this realm as well.

State of Washington, Legislative Transportation Committee (LTC) Study of Non-traditional revenue sources (2005)

PFM was selected by the State of Washington Legislative Transportation Committee through a competitive process to prepare a study on non-traditional revenue sources for three "mega transportation projects." The projects included: (1) the replacement of State Route 99 - the Alaskan Way Viaduct and Seawall along the Seattle waterfront (a tunnel alternative was identified by the WSDOT and the City of Seattle as the preferred replacement option), (2) the replacement of the State Route 520 floating





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bridge across Lake Washington with the addition of HOV lanes, and (3) improvements to most of the 30-mile long I-405. The total estimated cost of the projects exceeds \$12 billion. The LTC specifically excluded from the study's scope traditional transportation funding sources such as fuel taxes, vehicle license fees, and motor vehicle excise taxes.

PFM primarily analyzed revenue sources that would provide new funding for the Projects, as opposed to mechanisms that accelerate the use of funds the State expects to receive (e.g., GARVEE bonds). Tolls and alternative tolling mechanisms, private sector participation, impact fees, infrastructure financing districts, and community facilities districts were all analyzed. The study concluded that more than one-half of the Project's debt service expenses could ultimately be funded from these non-traditional revenue sources. PFM presented its findings to separate meetings of the State's house and senate transportation committees.



State of New York Division of the Budget Evaluation of Potential Revenues, Aqueduct Racino

In 2008, three consortia of vendors made proposals to the State of New York to operate a racino at the Aqueduct Racetrack in Queens, New York. Each proposal included ancillary facilities such as retail shopping, hotels, and structured parking. However, the core revenue source for the State in all circumstances would be the share of video lottery terminal (VLT) revenue directed to state education programs.

At the request of the Legislature, the New York State Division of Budget (DOB) retained PFM to provide guidance to the State about the range of win per day (WPD) revenues likely to be generated from the proposed VLT facility at the Aqueduct Racetrack. PFM provided similar advice to the Commonwealth of Pennsylvania when it developed racino revenue estimates earlier in this decade, and its professionals have worked with other state and local governments to help estimate the public share of gaming revenues.

To review the potential WPD at an Aqueduct racino, PFM received information from each of the three vendors, interviewed the vendor teams and posed additional questions after the discussion, reviewed the DOB model gravity model for Aqueduct, and consulted industry and internal information sources to evaluate the vendors' expected WPD figures. PFM provided a written report of its findings and also participated in briefings of legislators and staff.

The project was challenging, in that the various bids were not strict "apples to apples" comparisons. The vendor assumptions often relied on confidential information, which made validation of findings and communicating recommendations a tricky and delicate exercise and required particular care and skill in the presentation and discussion of findings and the final report.

3.1.10 Experience researching and comparing policies and programs across different states

Nearly all PFM projects involve extensive benchmarking with peer governments, and PFM's state projects provide many examples of the value



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of this process. PFM maintains a research staff that is skilled in developing detailed questionnaires for peer governments. They are equally diligent in tracking down the information necessary to make meaningful comparisons, whether by email, phone or direct contact.

As examples from past projects, For Illinois, PFM used as benchmarks the States of Florida, Georgia, Michigan, New York, Ohio, Pennsylvania and Texas – similarly large states with urban populations similar to Chicago; however, in many states, also a significant share of the population living outside a major urban area. While some of the benchmark data (such as TANF work-related performance measures, administrative expenditures, etc.) was readily available because of federal reporting requirements, in other key areas (such as case worker caseloads), this was not the case. In those instances, PFM staff made direct contacts (often several) with other state staff to obtain the necessary information. Just as important, PFM worked to ensure that staffing comparisons were “apples to apples” as there are a variety of factors (such as county administered systems, which is the case in Ohio) that can impact on the state caseworker caseload.

In the phase one operational efficiency analysis for the State of Nebraska Department of Administrative Services, the peer states (Iowa, Missouri, Kansas, New Mexico, and Utah) were selected because they had similar demographic and geographic features as Nebraska and also had a central administrative agency or department that provides service to other executive branch agencies and departments in as many of the areas as the Nebraska DAS as possible (Accounting, Budget, Buildings and Grounds, HR/Payroll, Personnel, IT, Purchasing and Risk Management).

PFM then collected survey data to identify variations between each in-scope division and its comparables with respect to organizational structure, functional responsibilities, staffing, span of control, financial operations and business processes. In order to assemble the most accurate, up-to-date data from comparables, multiple contacts were made with senior and mid-level staff. Over 98 percent of the data PFM requested from each state was obtained and made available for analysis, which was presented in full in the report's appendix.

For phase two, which encompassed just the State Buildings and Grounds Division, the list of comparables was expanded to also include the State of Wisconsin, as it had a similarly geographically diverse Buildings and Grounds Division. PFM then collected data from six states and presented it in the report's appendix. Between these two reports, over 1,000 pieces of benchmarking data were obtained and analyzed.

3.1.11 Experience developing, coordinating and implementing communications plans for government agencies in general and elected officials in particular

It is an accepted fact that perhaps the annual event most closely associated with a Governor is the release of his or her recommended budget. Both Randall Bauer and John Cape have spent years grappling with the need for that budget to reflect the Governor's priorities and to communicate those priorities and vision to key stakeholders and the general public. Both were regularly called upon to act as the Governor's spokesperson and to brief the



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press and various interest groups on the budget and other Governor's priorities.

PFM as a firm is also called upon to develop and execute communication strategies and plans. Many of our financial turnaround efforts are high-profile projects with significant interest and involvement by the press. Prior case studies in Pittsburgh and Kansas City – and positive comments from the press – are a testament to PFM's ability to effectively communicate the positive aspects of change. PFM project plans understand this and nearly always include an opportunity for stakeholder involvement and communication throughout the project. It is also important to acknowledge the need for internal communication plans: in many instances, internal buy-in and support is critical to project success. The following highlights PFM's focus on building this factor into a project to improve its chances of success.

Nebraska Department of Administrative Services Development of a Strategic Plan

In July 2008, PFM was retained by the Nebraska DAS to develop a strategic plan for the Department, including updating its mission, vision and values and determining goals, strategies and performance measures to track its progress in fulfilling its mission. This was largely a result of findings and recommendations from the earlier PFM organizational assessment of key divisions within the Department, where the lack of performance measures and strategic focus were cited as key weaknesses throughout the organization.

After interviews with key leaders and frontline staff, it was evident that the understanding of the key components of a strategic plan – and a strategic planning process – was mixed, and there was not a clear understanding of some of the terms used within the process. To bring greater understanding and clarity to the process – and ultimately to devise an appropriate strategic plan, PFM built a work-plan that used a series of training events to both increase understanding of key terms and simultaneously gather information needed to develop the Department Strategic Plan. The project plan also included key junctures to communicate Agency progress with internal and external audiences, and a communication plan was devised to use the Agency newsletter, email, and public events to track progress on the Plan.

The PFM training used a variety of training methods, including small group/large group discussion, outside reading and in-session exercises to assimilate the information and 'learn by doing'. PFM also developed roll-out presentations to explain the strategic planning process and the ultimate strategic plan, which was provided to a variety of audiences. PFM left the Agency with a step-by-step plan to implement and communicate its new Plan.

4.2.2 Project Examples

In the discussion in the previous section, PFM provided examples of a variety of State government projects, including objectives, strategies and outcomes. To give a fuller understanding of the work we do – often with large local governments facing many of the challenges as the State of West Virginia – we provide the following additional project examples.

"I've been through several strategic planning sessions before - this one made sense and connected everything together. Thank you!"

Participant
Nebraska DAS Strategic Planning Retreat
September 2009

"It is great to bring the entire team together. I feel that in all other strategic plans - we as administrators were left to figure out all the details and fill in the blanks. I see that we are finally generating a plan for all of us to work with and work on."

Participant
Nebraska DAS Strategic Planning Retreat
September 2009



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Nassau County, New York Multi-Year Financial Planning and Implementation Support

Throughout the 1990's, Nassau County (population 1.3 million) had been plagued by recurring deficits. In FY1999, multiple one-time measures were implemented to eliminate the County's cumulative debt; however, the fundamental imbalance between recurring revenues and recurring expenditures remained. As a result, the County was at risk of having its credit rating fall below investment grade when PFM was first engaged.

In 2000, PFM was retained by Nassau County to assist them with two engagements: the development and implementation of a comprehensive financial plan, and assistance with the County's debt transactions.

PFM played a key role in devising and implementing a multi-year comprehensive financial plan to close the County's structural gap and allow it to match recurring expenditures with recurring revenues. This project involved identifying the County's cost drivers, developing a quantitative model to enable multi-year budget forecasts, undertaking a benchmarking analysis to determine Nassau's performance in relation to other similar counties, and identifying initiatives to eliminate the structural deficit. In addition, PFM developed a rating agency strategy, managed its bond and note transactions, and developed a revised Capital Plan.

PFM has also assisted the County with various gap closing implementation initiatives, including:

- Consolidated bank accounts, lowered fees, and increased earnings credits for total recurring benefits of over \$750,000 per year, while simultaneously initiating credit card acceptance and on-line capabilities;
- Workforce reduction, eliminating 951 positions and achieving approximately \$60 million in recurring savings by the end of FY2002, with an overall goal of eliminating 1,400 positions;
- Collective bargaining support and interest arbitration testimony toward achieving tens of millions in annual, recurring workforce savings;
- Creation of a new Sewer and Storm Water Authority projected to save the County approximately \$25 million annually; and,
- Non-tax revenue analysis, identifying options within local authority totaling \$8.9 million.

Beginning in January 2002, PFM assisted a newly elected County Executive in revising the multi-year plan to meet a deadline imposed by the state oversight board. PFM has helped to develop key initiatives in the new plan, which has been warmly received by the rating agencies and praised in *The New York Times*. Since 2003, the County's progress has been recognized with multiple bond rating upgrades from all three major credit rating agencies.



City of New Orleans Budgeting, Financial and Operational Assistance

The legacy of Hurricane Katrina will impact New Orleans for years to come. As with all governments forced to recover from a serious natural disaster, following hurricanes Katrina and Rita, the City of New Orleans had to make major budget and operational changes to prepare for significant decreases in revenue in years following the 2005 hurricanes. This included:

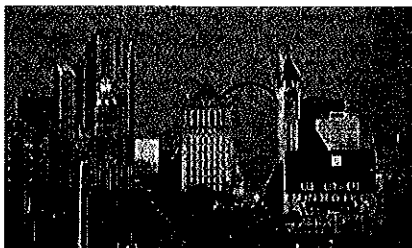
- Laying off more than one-third of pre-storm staff;
- Reducing General Fund expenditures by \$84 million (23%); and,
- Increasing reliance on one-time state and federal funds.

In August 2007, PFM began a five-year contract to implement service improvements, identify opportunities for consolidation and more efficient service delivery, and to improve budgeting and financial management in the City of New Orleans. The initial vehicle for refocusing City government on effective government and citizen needs was to implement Budgeting for Outcomes – a Government Finance Officers Association (GFOA) recommended best practice.

Disaster recovery remains a central focus of the City. In the current fiscal year, almost 20 percent of the City general fund budget and nearly 100 percent of the capital budget is dedicated to reconstruction and other recovery efforts.

In a team-effort with the Mayor, Chief Administrative Officer (CAO), and other leaders within the City government, PFM analyzed fiscal and operational aspects of the City, which included:

- Expert assistance in projecting revenues, analyzing fluctuations in sales tax and other revenues due to the storms;
- Detailed budget analysis and estimates of government service areas impacted by the storm, such as impact on sanitation revenues and expenditures;
- Evaluation of the 25 largest departments, meeting with each to determine current functioning and strategic opportunities that would significantly improve the departments' functioning in the future;
- Work with all City departments to prepare and rank hundreds of budget programs in order of their ability to achieve one or more of the Mayor's results, including the result of "Recovery and Livable Communities"; and,
- Support to prepare documents to communicate to citizens the resources available and results achieved.



City of St. Louis, Missouri St. Louis Civic Progress and the Regional Business Council Managerial, Professional, and Administrative Evaluation

In 2006, PFM's Strategic Consulting practice conducted an evaluation of the City of St. Louis' managerial and administrative staffing to identify opportunities for cost reduction and streamlining. While undertaken with the full cooperation of the Mayor, funding was provided by two local not-for-profit



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groups – both of whom recognized the need for the City to streamline and modernize its operations.

PFM's evaluation included both quantitative analysis of key metrics – such as span of control – and more qualitative evaluations, including extensive management interviews. Due to differences across communities and their governments in terms of legally mandated governance structures, community service demands, and other environmental factors, PFM did not employ a "formulaic" methodology to drive final staffing level decisions. Rather, distinct characteristics and levels of complexity for City functions were considered by PFM's project team to determine options and opportunities.

As part of this review, each major General Fund department under the Mayor's authority was evaluated for potential internal economies. Through strategies such as consolidation of divisional administrative personnel, expanded span of control, and management "de-layering," such department-by-department analysis generated multiple options for change. On an interdepartmental basis, recommendations included potential high-impact technology upgrades, shared services approaches, and functional realignment. Overall, PFM developed 145 options, including the potential elimination or reclassification of 114 positions and recurring savings of approximately \$3.5 million annually (\$1 million first-year).

As a result of this study, the City built approximately \$1 million of savings into its first year budget and continues to build additional recommendations into its following years' budgets, including the budget for the coming fiscal year.

4.2.3 Additional Information on Qualifications and Experience

Independence

PFM was founded more than 30 years ago to provide independent financial and management advice to governments. With this same commitment, our Strategic Consulting practice, which is proposed to lead on most elements of this engagement, is also grounded in the core value of independence on which PFM was founded. Whether evaluating potential revenue maximization solutions, department consolidation or alternatives for service delivery, PFM is client-focused and open to a variety of solutions. We pledge our best independent, unbiased, and objective advice and services to the State of West Virginia.

PFM Business Overview

The PFM Group ("PFM"), including Public Financial Management, Inc. and PFM Asset Management LLC, was founded in 1975 with a staff of five. Today PFM is the nation's leading provider of independent financial and investment advisory services with nearly 400 employees and 33 offices throughout the United States.

PFM has been the nation's **number one** ranked financial advisor for five consecutive years. PFM is unique among financial advisors, who typically only manage debt transactions. Only PFM offers clients an integrated array of services to meet their needs. A national firm with a strong presence in the region, our broad perspective, diversity of subject matter expertise, and collection of professionals who are experts in their fields will benefit the State in numerous ways.

Regardless of which service you may need, PFM serves only one interest: *that of our clients.*

This fact, coupled with our proven track record and comprehensive approach to management and finance, makes PFM a leader in providing sound, independent financial, management, and investment advisory services to state and local governments.



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When PFM is hired, depending upon needs, our clients can have access to any of our five primary business activities:

Financial Advising: managing transactions related to debt issuance;

Investment Management: providing investment advice and portfolio management for working capital and bond proceeds;

Investment Consulting: structuring simple, reliable, and fundamentally sound asset management strategies and retirement plans.

Strategic Consulting: offering highly effective capital and operating budget advice.

Structured Products: developing innovative financing techniques and investment products integrated with the full range of PFM Group services,

Leading this engagement, the firm's Strategic Consulting practice focuses on bringing actionable ideas to government that both enhance public service delivery and improve the bottom line. The PFM team is the national leader in the development of multi-year financial plans in the public sector – helping distressed governments to achieve fiscal recovery, stable governments to ensure sustainable health, and strong governments to optimize management and budget performance.

Across a broad range of service areas, we can both identify best practice opportunities for improvement and support effective implementation:

Budgeting and Financial Planning

- Multi-Year Financial Plans
- Fiscal Recovery and Turnarounds
- Budgeting for Outcomes and Budget Development
- Financial Policies and Best Practices

Operational Reviews and Reform

- Fleet Management
- Public Safety
- Public Works/Utilities
- Parks and Recreation
- Health and Human Services
- Capital Program Implementation

Workforce Analysis

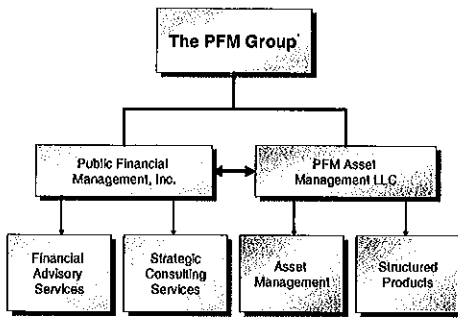
- Economic Analysis for Bargaining
- Interest Arbitration Expert Testimony
- Overtime Control
- Staffing Level Analysis

Governmental Consolidation and Shared Services

- Consolidation/Merger
- Shared Services and Partnerships

Revenue Maximization

- Tax Policy
- Fee and Cost Recovery Studies
- Market-Based Revenue Opportunities



We use the term "The PFM Group" to refer collectively to Public Financial Management, Inc. and PFM Asset Management LLC. It is not a separate entity.

SELECTED PFM STRATEGIC CONSULTING CLIENTS:

ALABAMA

Jefferson County

CALIFORNIA

California Society of Municipal Finance Officers (CSMFO)
 Los Angeles County (LAFCO)
 City of Long Beach
 City of Oakland
 San Francisco Public Utilities Commission
 City of Napa Valley
 City of Salinas

COLORADO

City of Aurora
 City of Colorado Springs

CONNECTICUT

City of Bridgeport
 City of New Castle
 City of New Haven

DELAWARE

State of Delaware
 City of Wilmington

DISTRICT OF COLUMBIA

Government of Washington, DC

FLORIDA

City of Gainesville
 Martin County
 St. Johns County

GEORGIA

State of Georgia Governor's Office
 City of Atlanta
 Fulton County

ILLINOIS

State of Illinois Governor's Office of Management and Budget

KENTUCKY

City of Louisville/Jefferson County

LOUISIANA

City of New Orleans

MARYLAND

Anne Arundel County
 Montgomery County
 City of Baltimore
 Baltimore County



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SELECTED PFM STRATEGIC CONSULTING CLIENTS:

MISSISSIPPI

City of Jackson

MISSOURI

City of Kansas City
City of Saint Louis
St. Louis Forest Park Forever

NEBRASKA

State of Nebraska, Department of Administrative Services

NEW JERSEY

State of New Jersey, Department of Community Development
City of Camden
City of East Orange
City of Newark

NEW YORK

State of New York, Division of the Budget
Nassau County
City of New York
Rockland County

OHIO

Hamilton County

OKLAHOMA

City of Oklahoma City

PENNSYLVANIA

Pennsylvania Department of Community and Economic Development
Pennsylvania Governor's Budget Office
Pennsylvania Governor's Office
Pennsylvania Department of Public Welfare
City of Chester
City of Philadelphia
Dauphin County
Luzerne County

RHODE ISLAND

City of Providence

TENNESSEE

State of Tennessee, Division of Bond Finance
City of Memphis
Memphis Gas, Light and Water
Shelby County

TEXAS

City of Austin
City of Dallas
City of Fort Worth

VIRGINIA

Albemarle County
City of Norfolk
City of Portsmouth

Program Analysis and Decision-Making

- Program Evaluation and Impact Analysis
- Information Technology Needs Assessment and Investment Review
- Competitive Contracting

Although PFM brings the same analytical rigor to every assignment, we specifically tailor our staffing and focus for each engagement recognizing that every government has its own unique issues. To best serve our clients, PFM creates customized project teams comprised of experts in specific governmental subject matters, management techniques, and sectors.

PFM's flexible project-oriented approach to staffing engagements enables us to bring the proper mix of resources and experience to bear on a given client's problem or transaction. We can develop solutions to our clients' concerns that are responsive to multiple constituencies. The project-oriented approach also facilitates the development of close working relationships among our many professionals.

We believe it is also important to be focused on the unique challenges of managing in the public sector. Government consulting is not a secondary business for us, undertaken to fill in when corporate engagements have slowed. Improving government performance is our mission as a firm, and the passion of our professionals.

We highly value long-term, client capacity-building, evolving engagements, and we are dedicated to making a difference. Far from producing studies that sit on bookshelves, PFM lives up to its reputation for turning analysis into results for complex government clients.

Beginning with our work with the City of Philadelphia over a decade ago, and continuing with many governments today, PFM has helped to develop the standard for public sector multi-year strategic financial and management planning. From a \$225 million deficit and "junk bond" credit ratings in 1991, Philadelphia used its annual Five-Year Financial Plans to regain investment grade ratings and to achieve a series of surpluses that reached \$295 million by 2001. As the Wall Street rating agency Fitch Ratings wrote in a Special Report on the "Impact of Management Practices on Municipal Credit:"

"The multiyear plan's value is to anticipate future challenges that may be encountered due to projected revenue and expenditure imbalances. This allows executives and legislators to 'get in front of' potential budget stress, and take corrective action long before budgetary gaps develop into crises. The multiyear plans for New York and Philadelphia serve as good models that can be emulated by local governments, large and small."

In addition to our work in support of the first twelve multi-year strategic financial plans prepared for Philadelphia, PFM played the lead role in developing multi-year financial forecasts and plans for governments across the country, including Washington, DC; Norfolk, VA; Nassau County, NY; Wilmington, DE; Shelby County, TN; Memphis, TN; and Pittsburgh, PA. PFM developed and leads a training program on Financial Sustainability for the California Society of Municipal Finance Officers, and works with state governments from Pennsylvania to Nebraska on the implementation and



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execution of strategic reforms and productivity improvements aligned with their planning goals.

These governments feature a diverse range of economic bases, population sizes, and governance constraints. What all had in common when hiring PFM was the desire to achieve sustainable, structural balance by adopting and managing effectively within a long-term perspective.

PFM has broadened its practice and is focusing increasing attention on issues facing states: recent projects have included assistance with the federal stimulus package, federal Title 4E claiming and reporting, workforce planning and cost avoidance and improvements to operations and work processes.

PFM can bring the breadth of experience necessary to serve this disparate set of public sector clients to our work with the State of West Virginia. We are confident that no other firm can match this broad set of skills and experience.



Section II – Deliverables



4.3.1 The PFM Method

In the previous section, PFM presented multiple case studies from state and local government where a problem or need was identified, an approach developed, and a PFM project team put into action to obtain results. PFM uses a variety of methods to develop solid project plans, identify and provide the necessary resources, execute the plan, and make recommendations – including communication and implementation plans – that are conducive to achieving results.

A broad-based analysis and review of key government Agencies or programs the size and complexity of the State of West Virginia requires a strong mix of government and project experience. The PFM team and approach provide that winning mix:

An Established, Experienced Team

The PFM team brings scores of years of actual high-level government experience at all levels and in a broad range of areas. The team has worked with governments to deliver results – and succeeded in those efforts. Besides its knowledge and expertise, it understands the political pitfalls that might arise in a project of this scope and can help devise strategies to deal with that important factor for ultimate project success.

An Accessible Process

PFM's approach facilitates buy-in from key stakeholders – including front-line workers, key opinion leaders, and the general public. We use a broad array of survey (including on-line surveys and websites) and information gathering techniques (including detailed interviews, focus groups, and other sounding boards) to access all useful ideas and information. In our past work, this has uncovered issues (and strategies) that would otherwise have not been known to us and our clients.

Continuous Dialogue

The PFM approach actively engages a Guidance Team to provide regular communication and include the West Virginia team in all key aspects of the project. The PFM project manager provides regular reports detailing progress to date, key milestones and deliverables, and raises issues for resolution when necessary to maintain the project schedule and pace. The PFM process also envisions a project update with key leaders about half-way through to ensure that high level findings and recommendations are tracking with the State's needs. Finally, the PFM information gathering process uses a continuous communication loop to ensure that our findings and recommendations are fully vetted with the State's project management team and subject matter experts.

In-depth Analysis

PFM's deep and varied government experience provides the foundation to conduct a thorough and informed analysis. Our state-specific experience will focus immediately on the key issues and avoid the extraneous distractions that often hang up similar types of less-informed reviews and reports.

Meaningful Recommendations

PFM prides itself on the fact that its reports lead to actionable recommendations that don't just "sit on the shelf." PFM's recommendations have led to literally billions of dollars of improved budget outcomes for our



clients. As the *Kansas City Star* noted about our multi-year financial planning report for the City of Kansas City, “the recent report by the PFM Group of Philadelphia was full of good ideas; many are in the proposed 2009-10 budget.”

Implementation Planning and Support

PFM’s report will include implementation planning and support, including meetings as necessary to communicate the plan to stakeholders, methods for accounting for savings, and legislative strategies for incorporating the recommendations into the enacted state budget. The PFM team’s past involvement in state budget processes and in engaging legislative leadership in system changes provides a “winning edge” for project success.



PFM's Project Approach

As a general outline, many of our projects involve in-depth analysis of a program, function, process or general operation of a government department. In these cases, PFM's areas of specialization can augment existing capacity for our government clients. In other cases, PFM's work is sought to be a "neutral third party" – for example in the evaluation of an existing program. In other cases, PFM may be able to provide additional, focused professional assistance that does not require the State to divert staff time and attention to the particular issue or project.

Because of PFM's broad capacity and ability to quickly get "up to speed" on state government issues, we are uniquely qualified to be a readily available resource for the State.

As an example, many projects deal with specialized analysis of business processes or programs. In these projects, PFM generally seeks to evaluate overall performance and productivity in the context of a department's mission, goals, and objectives. As we work to help identify potential opportunities for improved efficiency and effectiveness, we are committed to identifying constructive and "actionable" findings and recommendations, and do not seek to perform "gotcha" audits lacking focus on achievable gains.

Although our approach to specific assignments is tailored to meet particular project goals, key elements nearly always include the following:

1. Interviews with executive leadership

Early within a project timeline, the Project Team will typically interview the State leadership who oversee the service being analyzed and/or related functions, as well as executive-level management, to develop a clearer understanding of the qualitative, operational, and policy dynamics that impact performance. A key focus will be to identify leadership views regarding the mission of each department, as well as key measures of success.

2. Field Visits and Staff interviews

The Project Team may also visit major work locations to gain greater insight into the operational environment and dynamics. As appropriate, the Project Team will also interview front-line staff. These visits will generally include significant requests for available data, reports, documented work processes and procedures. Where not readily available, PFM staff will facilitate the creation or production of documented processes and workflows for analysis of opportunities for savings and efficiencies.

3. Performance Metric and Organizational Structure Analysis

The Project Team will generally collect and evaluate existing workload, activity, and performance metrics used. These measures will be evaluated with regard to alignment with the identified mission, as well as to establish a baseline for benchmarking and to begin to assess potential opportunities for more efficient and effective operations. Measures are expected to encompass:



- Key inputs (e.g., funding levels, staffing levels);
- Outputs (units of service);
- Outcomes (e.g., condition assessments, customer complaints); and
- Efficiency (e.g., units of service per FTE, units of service per budgetary investment).

As part of this data collection and analysis phase, the Project Team will also develop a clear understanding of organizational structure, including statutory/charter requirements and constraints, job descriptions, the organizational chart, management layers, spans of control, collective bargaining agreements, and the use of contracted services. Other workforce considerations, such as attendance/absenteeism data, overtime history, and training programs, may also be reviewed.

4. Customer Service Evaluation

The Project Team also typically seeks feedback regarding customer perspectives on performance. Given time and resource constraints, this component generally does not include new, direct surveys of the general public. As a proxy, the Team may work with the State's executive leadership to identify representative internal and external stakeholders to be interviewed by the Team who can provide insight into customer satisfaction.

5. Organizational Culture Assessment

In conjunction with the interviews outlined above, the Project Team may conduct an assessment of organizational culture. For this step, the Team typically uses an interview/survey tool designed to determine the prevalence of practices reflecting collaboration, adaptable duties, decentralized authority, and widespread sharing of information. Our team has previously adapted this tool for clients including the State of Nebraska and the City of Wilmington (DE), and has found it to provide practical insights regarding agency and division/unit-level practices.

6. Benchmarking and Best Practices Review

The Project Team may benchmark current department performance and structure relative to other relevant operations. These comparators will typically include a mix of States of similar size and density, geographically proximate governments that may be of varying scale, and recognized "best practice" governments. Based on information collected in Steps 1-5, the Team would determine the most relevant metrics and issues to survey, develop a survey instrument, and collect and synthesize responses.

In many cases, the key issues identified as project assessment goals would be evaluated via such a survey. In an efficiency study, these areas could include: comparative funding and staffing levels; overtime experience; organizational structure; service delivery methods; and activity/performance metrics and results. In addition to quantitative information, the survey may also include qualitative interviews and process benchmarking focused on best practice opportunities. This component of the evaluation might also encompass operational practices such as assignment procedures, ratio of



preventive to reactive maintenance, use of technology, cost recovery practices; and overtime practices and controls.

As applicable, PFM will also draw on the following resources, in addition to the specific experience and expertise of team members assigned:

- Our database of initiatives from past work that have proven successful with other types of government operations, including those provided by the State;
- A comprehensive resource library of national best practices as catalogued by GFOA, ICMA, credit rating agencies, and multiple specialty associations (e.g., National Association of Fleet Administrators, National Association of State Budget Officers, Council of State Governments, National Governors Association);
- Hundreds of collective bargaining agreements and benefit plan documents drawn from our ongoing work providing compensation analysis and collective bargaining support for major governments nationally.

Findings from such benchmarking and best practice analysis will, in all cases, be fully reviewed for applicability to the State, and local factors that may support or impede implementation will be evaluated in tandem with experienced State executives, directors and managers.

7. High level findings

Based on the available and acquired data and analysis, PFM will provide high level findings and analysis around opportunities to improve practices and processes, maximize revenue, realign programs and staffing to create savings and/or efficiencies and new opportunities for changes to service delivery. At this point, a mid-project update generally occurs to provide opportunities to vet the recommendations, analyze additional opportunities and get stakeholder input and feedback.

8. Final Report

The Project Team will summarize its findings in a professional, narrative report. Key data, survey, and benchmarking results will be summarized, as well as more qualitative information collected. Generally, these reports will follow a format similar to the following:

- I. Issue or Problem
- II. Background
- III. Analysis
- IV. Alternatives/Options
- V. Recommendations
- VI. Implementation and communication plans

All findings and recommendations developed will be sufficiently detailed to support implementation if accepted, and will include an implementation plan—encompassing a recommended timeline, summary of impediments (including strategies to address and alternatives), and consideration of collective



Both experienced former state budget directors, their state government background and PFM project manager experience will help ensure that projects are efficiently staffed, maintain project schedules and provide project deliverables that suit the State's specific needs.

Assignments of additional professionals -- including subject matter experts and experienced analysts -- to work with Mr. Nadol will be determined based on the specific tasks identified by the State. For each assignment, we will draw from the experience across our firm to develop a team with the right mix of experience and skills to meet the goals and needs of a particular function or department. In turn, Mr. Nadol will ensure quality control and client satisfaction, and will also engage directly and actively on those assignments that align with their respective experience and subject matter strengths.

On all projects, other senior PFM professionals will be assigned to support this engagement as best meets the needs of individual assignments. The PFM Strategic Consulting practice has been constructed as a team of "generalists with specialties" who provide both comprehensive planning services and also advise state and local governments on highly specialized management and budget issues. Given this structure, PFM can quickly bring subject matter experts to West Virginia to apply active, national "best practice" experience in partnership with in-house professionals to identify achievable implementation strategies.

PFM's senior professionals take on primary responsibility for the analysis and preparation of project deliverables that are tailored to the needs of the client. The PFM projects are not "canned" or based on templates filled in by the latest batch of new hires. The State can expect -- and PFM will deliver -- results driven by our senior project leaders and professional staff.

Specific Project Approach

An in-depth analysis of the type proposed in the scope of work requires an experienced team with the ability to quickly grasp the operations, processes, skills and capacity of a leadership organization. PFM has undertaken similar studies, and the government and professional skills and experience of our team set us apart and make us uniquely suited for this type of analysis.

In our experience, a successful project requires an active and engaged Guidance Team including the project sponsor and key leaders of the Governor's Office, clients, stakeholders and the leaders of the project team. The Guidance Team will determine the measures of success for the project, approve the work plan and be actively involved throughout the project. Through regular meetings, the Guidance Team will receive and consider project updates, ensure good communication, resolve problems, ensure adherence to deadlines, and provide the necessary resources to meet the objectives and deliverables outlined in the RFP. The Guidance Team will work with the project manager to coordinate the day-to-day operations of the PFM team.

For the project(s) defined as part of this RFP, PFM will provide an initial engagement letter outlining our firms' qualifications and experience, the scope of the project, our approach, tentative schedule and deadlines, and an information request for the State. Based on the details of the project, the information request will likely include budget and financial reports, payroll data, job classifications, descriptions and requirements, documented work



processes, standard reports, any prior organization reviews or performance audits, high level “dashboard” methods for tracking agency performance, and other measurements or strategic plans where available.

In the meantime, PFM will work with project leadership to schedule a series of in-depth interviews, starting with department leadership to understand their vision, goals, service delivery process, work products, and current progress, challenges and performance. PFM will also schedule interviews with managers, customers, and subject matter experts to gain a clear understanding of their duties and responsibilities, current work processes, specific issues and challenges relating to current business processes, technology, and customer needs. PFM will also use electronic methods – either a web-based portal or survey – for engaging other staff, customers, and the general public in an assessment of overall performance (and opportunities for changes to current services and service delivery) within the State of West Virginia.

In line with this initial round of interviews and information gathering, PFM will, in consultation with project leadership, identify five to ten comparable organizations to conduct benchmarking of key performance and financial indicators and analysis of best practices. PFM will develop a written survey to gather relevant data and analyze benchmarks to assess current performance in relationship to these comparable governments.

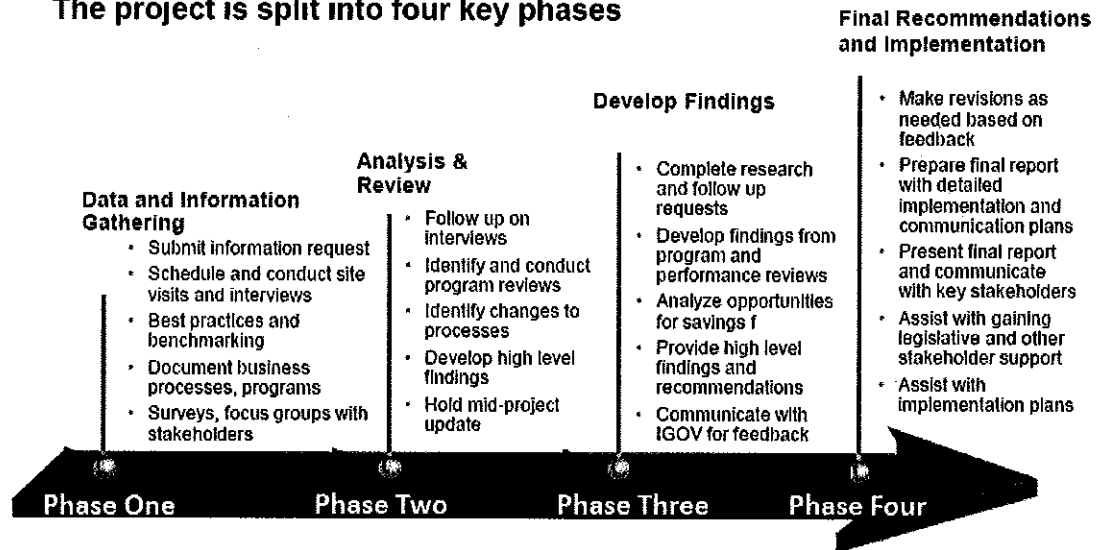
Information gathering will also include analysis of current work processes with a target to model “as is” and “to be” process changes. It will also identify, in consultation with the State, appropriate programs for program performance and financial analysis. This analysis, along with best practices research and benchmarking, will be combined with findings from interviews and follow-up discussion to present preliminary findings. This will be communicated in a mid-project presentation that will serve as the basis for discussion for proposed changes to programs, work processes, and service delivery models to increase effectiveness and efficiency. These findings and recommendations will also be examined in light of any issues regarding workability and implementation.

In the next phase of the project, PFM will develop detailed findings and recommendations, determine budget costs or savings associated with recommendations, and develop a detailed implementation plan as well as a communication plan to identify key factors for gaining acceptance of the findings and recommendations.

In the final phase, PFM will, based on feedback from the State and the Guidance Team, develop a written final report detailing all of the gathered information, analysis of its impact on the State, and recommendations to improve financial and programmatic performance. PFM will participate in communicating these findings to key stakeholders and stakeholder groups and provide support for the implementation of the selected recommendations. PFM recommends that the Guidance Team or subsets of this Team continue to provide leadership for the implementation of the specific recommendations. PFM will support the implementation through facilitation, additional research to ensure recommendations meet the State’s needs, and develop and assist as needed with execution of an internal and external communication plan.

High Level Project Timeline

The project is split into four key phases



As noted above, the project is structured to build on information received in the early part of the team's work. That early analysis and preliminary findings will allow for a mid-project update to ensure that the project is moving in an appropriate direction with the data and information necessary to support findings and recommendations. The timeline also provides the flexibility to make minor changes as necessary should the analysis determine that there are other areas in need of greater study or attention. The following table provides a detailed breakdown of the timeline. The dates are illustrative and will adjust according to actual start date and will undoubtedly change as the project moves forward:



Section III – Staffing



Based on this level of commitment and involvement by the State, we would project the following staffing levels from PFM. Within the categories, the hours estimated are split into three categories (as are the hourly rates):

- Senior Professionals (Managing Directors, Directors, and Senior Managing Consultants)
- Junior Professionals (Consultants)
- Research Assistants (Entry level staff, generally full and part-time graduate school students)

Description	Activities and Estimated Hours
Project scope and timeline	<ul style="list-style-type: none"> ▪ Agree upon final project scope and timeline ▪ 24 hours (SP 16, JP 8)
Project kick-off and information request	<ul style="list-style-type: none"> ▪ Prepare and distribute engagement letter ▪ Schedule and hold project kick-off meeting ▪ Make detailed information request ▪ Identify and schedule first round of interviews ▪ 24 hours (SP 16, JP 8)
Conduct interviews and site visits	<ul style="list-style-type: none"> ▪ Conduct interviews and site visits with key personnel in Charleston and at other locations around the state ▪ Use electronic surveys, website, focus groups, listening posts to gather additional input ▪ Identify current business processes ▪ Note issues for additional research or follow-up interviews ▪ Determine comparables for benchmarking and best practices ▪ 240 hours (SP 120, JP 120)
Benchmarking and best practices research	<ul style="list-style-type: none"> ▪ Establish contacts for comparables ▪ Provide written survey for benchmarking ▪ Make follow up contacts to obtain information and clarification where needed ▪ 112 hours (SP 16, JP 16, RA 80)
Prepare and transmit surveys, solicit other methods for input and feedback	<ul style="list-style-type: none"> ▪ Develop electronic survey, target audiences ▪ Transmit survey ▪ Schedule and hold other outreach meetings for input ▪ 48 hours (SP 24, JP 24)
Follow up on interviews and business processes	<ul style="list-style-type: none"> ▪ Validate or verify data or business process analysis ▪ Fill in informational or interview gaps ▪ 80 hours (SP 40, JP 40)
Identify targets for performance reviews	<ul style="list-style-type: none"> ▪ Agree with State on appropriate criteria for determining performance ▪ Focus on those with high budget/service impacts ▪ 32 hours (SP 16, JP 16)
Performance reviews conducted	<ul style="list-style-type: none"> ▪ Utilize existing data, including benchmarking, performance measures and survey information as base for reviews ▪ Utilize additional site visits, interviews and data requests to analyze performance and recommend changes to programs and policy ▪ Report findings and next steps ▪ 220 hours (SP 100, JP 80, RA 40)
Analysis of data and information	<ul style="list-style-type: none"> ▪ Analyze data and information ▪ Identify preliminary findings ▪ 120 hours (SP 40, JP 40, RA 40)



Description	Activities and Estimated Hours
Communicate high level findings and recommendations	<ul style="list-style-type: none"> ▪ Meet with project sponsor and project manager to summarize findings ▪ Determine that project is on course or modify as needed ▪ Identify key issues of concern based on analysis to date ▪ Vet recommendations with stakeholders as appropriate ▪ 80 hours (SP 40, JP 40)
Draft preliminary recommendations	<ul style="list-style-type: none"> ▪ Identify process improvements and KPIs Identify opportunities for improving service delivery ▪ Evaluate current business processes and structure ▪ Evaluate the capabilities of staff and management and division performance ▪ Compare performance to other comparable governments ▪ Develop plan, including timelines, key staffing and communications plans ▪ 160 hours (SP 80, JP 80)
Draft final recommendations	<ul style="list-style-type: none"> ▪ Final analysis of benchmarking, survey and best practices research and data ▪ Final changes to state organizational structures, programs, work processes and procedures ▪ 80 hours (SP 40, JP 40)
Present and communicate plan	<ul style="list-style-type: none"> ▪ Present findings and recommendations ▪ Communicate findings and recommendations to stakeholders and groups ▪ 48 hours (SP 40, JP 40)
Implementation Support	<ul style="list-style-type: none"> ▪ Assist to drill down high level plans to specific action plans ▪ Support implementation working groups ▪ 120 hours (SP 80, JP 40)
TOTAL PROJECTED HOURS	1,420 hours

4.4.1 Please provide resumes for proposed key staff members.

Michael Nadol
Managing Director

Michael Nadol is a Managing Director with PFM, co-leading the firm's Strategic Consulting practice nationwide. One of Mr. Nadol's areas of focus is the development and implementation of workforce strategies to help public sector organizations achieve their performance and financial goals. Prior to joining PFM, Mr. Nadol served the City of Philadelphia in positions including Deputy Mayor, Director of Labor Negotiations, and Director of Finance. In addition, he served as Deputy Commissioner for the Philadelphia Water Department, overseeing all human resources programs and finances for one of the nation's largest environmental utilities.

At PFM, Mr. Nadol has provided strategic and quantitative support for human resources reforms and collective bargaining on behalf of clients including the Commonwealth of Pennsylvania, City of New York, New York Metropolitan Transportation Authority, City of Austin, TX, City of Fort Worth, TX, San Jose, CA, Montgomery County, MD, and the City of Philadelphia. He has testified



as an expert witness on compensation issues in binding interest arbitration in California, Maryland, New Jersey, New York, and Pennsylvania.

In addition to workforce services, Mr. Nadol has played a lead role in management and budget consulting for states, cities, counties, and school districts nationwide – including the New York State Division of the Budget, State of Delaware, and Cities of St. Louis and Kansas City, MO. With regard to K-12 education, he has led a multi-year financial planning engagement for the Philadelphia School Reform Commission, has advised the Commonwealth of Pennsylvania on school consolidation issues, and recently served as the Governor's appointee and Chair of the Commonwealth of Pennsylvania Task Force on School Cost Reduction.

Prior to joining PFM, as Philadelphia's Director of Finance and in previous positions within the City's Office of the Mayor, Mr. Nadol worked on management and budget initiatives key to the city's turnaround from the brink of bankruptcy in 1992 to its then-record \$206 million surplus in 1999. As Finance Director, Mr. Nadol was chief financial officer for a city-county government with a \$2.6 billion General Fund budget. While in the Office of the Mayor, Mr. Nadol served as Director of Labor Negotiations for 1996 collective bargaining covering over 22,000 municipal employees. In addition, he was active with the restructuring of employee safety and risk management programs, general dispute resolution, and civil service reforms to streamline job classifications and reduce hiring process delays.

Mr. Nadol earned a Master of Governmental Administration degree from the University of Pennsylvania, and a Bachelor of Arts degree in Political Science, Summa Cum Laude, from Yale University. Mr. Nadol also serves on the adjunct faculty of the University of Pennsylvania, Fels Institute of Government, where he has taught a masters-level seminar on competitive government for more than a decade. In addition, he is a past-Treasurer and member of the Committee of 70, Greater Philadelphia's leading nonprofit, civic watchdog organization.

David Sallack
Managing Director

David Sallack oversees operations and customer service for the 16 local government investment pools or registered mutual funds for which PFM Asset Management LLC is administrator. These pool programs serve over 5,300 participants and entail nearly \$12 billion in assets.

Mr. Sallack also directly manages the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT is a \$3.5 billion pooled investment program for nearly 2,700 municipal and school entities in Pennsylvania.

PFM Asset Management LLC currently serves as the administrator and investment advisor for the PLGIT. In this role Mr. Sallack oversees the administration, marketing and customer service aspects of the Trust as well as working directly with the eleven members of the Board of Trustees and its committees. Mr. Sallack has substantial responsibility for strategic planning, marketing, new product development, and client services.

In addition to managing the day to day operations of PLGIT, Mr. Sallack interacts with the clients and their representative through the seven state wide municipal and school associations which sponsor the Trust. Through this interaction Mr. Sallack monitors changes in the depository and



investment climate of government entities and the political and legal changes effecting the finances and investments of these same units.

Mr. Sallack also plays a role in the development and implementation of cash management and investment programs for other pooled investment programs administered by PFM Asset Management LLC.

Mr. Sallack also performs work in PFM's Financial Advisory business in which he serves as the financial advisor to a number of school districts including the Board of Control of a distressed school district in Pennsylvania. He also played a leadership role in developing specialized analytical programs to examine the impact of school funding and optional local tax reform on Pennsylvania school districts.

Mr. Sallack was formerly Executive Director of the Pennsylvania Association of School Business Officials and has over 20 years of experience in education finance and budgeting. This experience includes four years as the Director of Finance for the Pennsylvania Department of Education and eight years as a supervising analyst in the Governor's Budget Office in Pennsylvania. Mr. Sallack also spent nine years as a trustee and officer of a pooled investment program for Pennsylvania schools.

Mr. Sallack is a graduate of the Pennsylvania State University with a Bachelor of Arts degree in social sciences and economic and a Master of Public Administration degree.

Dean Kaplan Managing Director

Dean Kaplan is a leader of PFM's Strategic Consulting practice. Mr. Kaplan focuses on performance management and budgeting issues, and has prepared multi-year financial plans for jurisdictions throughout the country. Since 2004 he has served as the state-appointed recovery plan coordinator for the City of Pittsburgh, which is in Pennsylvania's distressed municipalities program. In addition to his budget work, Mr. Kaplan has also undertaken projects on City-County cooperation, revenue alternatives, utility rates, operations improvement, and new program feasibility.

Mr. Kaplan was formerly the Budget Director for the City of Philadelphia, leading development and implementation of a \$4.5 billion annual all-funds budget and publishing the City's first comprehensive annual service measurement report. Earlier, he was chief financial officer for the Philadelphia Water Department, one of the nation's largest publicly-owned water, wastewater, and stormwater utility. He has also been head of government affairs for the Philadelphia Streets Department and the Philadelphia Water Department. Mr. Kaplan served in Washington as Legislative Director for U.S. Representative Bob Edgar.

Immediately prior to joining PFM, Mr. Kaplan held an Atlantic Fellowship in Public Policy in the United Kingdom. Based at the Institute of Local Government Studies at the University of Birmingham, he investigated British local government service measurement efforts.

Mr. Kaplan holds a Master of Public Administration degree from the John F. Kennedy School of Government at Harvard University and a Bachelor of Arts degree with honors from Haverford College.



Randall Bauer Director

Randall Bauer joined PFM's Strategic Consulting practice in 2005 and is Co-Director of its State Strategic Consulting practice. Most recently, he has managed an operations and process review assessment and a strategic planning project for the Nebraska Department of Administrative Services. He also managed a staffing benchmark project involving the Departments of Healthcare and Family Services and Human Services for the State of Illinois Office of Management and Budget, and has been a senior consultant on projects for the State of New York and Commonwealth of Pennsylvania. Among similar projects, he also advised on a City of St. Louis workforce assessment project.

Prior to joining PFM, Mr. Bauer served for nearly seven years under Governor Thomas Vilsack as Budget Director for the State of Iowa. In that capacity, he was the Governor's chief adviser on a \$12 billion state budget and chaired the Governor's Enterprise Planning Team dedicated to state revenue and finance issues. During Mr. Bauer's tenure, Iowa created a new results-focused budget process, developed a performance reporting system, and implemented a new web-based budget system.

Mr. Bauer also led process change efforts in information technology and has twice been a featured speaker at the annual meeting of the National Association of State Chief Information Officers as well as at Governing Magazine's conference on Managing Technology. Mr. Bauer authored the chapter "Managing the Needs of Multiple Departments" for Macromedia's 2004 "E-government Transformation: Best Practice" publication.

Prior to his work as State Budget Director, Mr. Bauer served for over ten years as a senior legislative analyst for the Iowa Senate with primary responsibility for budget, tax, infrastructure, and economic development issues. Mr. Bauer has a Bachelor of Arts degree from Coe College, the Certified Public Manager designation from Drake University, and was a Fannie Mae Foundation Fellow at Harvard University's program for senior executives in state and local government. He has served as Vice President for Finance and as Chair of the Finance Committee of the United States Chess Federation, as President of the Iowa Society of Certified Public Managers, and is a life member of the National Association of State Budget Officers, where he served on its Executive Committee.

John Cape Director

John F. Cape is a national expert on state public policy, with over 30 years experience in the public sector. He is Co-Director of PFM's State Strategic Consulting Practice. Prior to joining PFM, Mr. Cape served as the Director of the Budget for New York State. As Director, he was New York's chief financial officer and the principal fiscal advisor to the Governor, heading the Division of the Budget, whose 350 staff members oversee a \$113 billion operating budget.

Mr. Cape began his State career in 1973, working as Municipal Management Consultant and Federal program manager before joining the Division of the Budget in 1980. During the following 26 years, he had the opportunity to oversee funding for virtually every State program area. After being named Assistant Director in 1997, he went on to oversee the State's economic and revenue forecasting, tax policy, capital planning and finance, and cash management. The author of major budget reform and debt reform statutes, in 2000 he was promoted to Deputy Director, overseeing statewide budget



planning, development, negotiation and execution, advancing to First Deputy in 2002 and Director in 2004.

A nationally-known speaker on state fiscal and policy issues, Mr. Cape serves as a Senior Fellow of the Rockefeller Institute of Government, is a Fellow of the State Academy of Public Administrators, and has served on the Executive Board of the National Association of State Budget Officers. He is the 2006 recipient of the Center for Technology in Government's *Rudolph W. Giuliani Leadership Award*, and recipient of the American Society for Public Administration's *Charles Evans Hughes Award*. Mr. Cape received his Bachelor of Arts degree from the State University of New York Empire State College and pursued graduate study at the Rockefeller College of Public Affairs.

Recently, John has been active in shaping the governmental components of the Federal Stimulus legislation – including presentations before the Presidential Transition Team, collaboration with the National Governor's Association and the National Association of State Budget Officials, and coordination of an ad hoc group of states advocating for the inclusion of specific debt policies in the legislation.

Girard Miller Senior Strategist

Girard Miller is known nationally as an authority on public finance issues. His column, *Girard Miller's Public Benefits Beat*, appears regularly in *Governing* magazine and its online management letter. Prior to joining PFM, Mr. Miller was a voting member of the Governmental Accounting Standards Board. Previously, he was the president of the Janus mutual funds and was Chief Operating Officer of Janus Capital Group, Inc., a global investment company with \$170 billion of assets under management. Prior to that, he was the president and chief executive officer of the ICMA Retirement Corporation for ten years after heading Fidelity Investments' public funds group.

Girard's career began in the public sector. After working for ten years in local governments in New Jersey and Michigan, he joined the professional staff of the Government Finance Officers Association (GFOA) in 1981. He authored 12 publications for GFOA and founded its Public Investor newsletter for investment professionals. Girard recently volunteered to help GFOA publish a new and updated 2008 edition of his *Elected Official's Guide to Government Finance*.

Girard earned a Bachelor of Arts degree from the University of Washington (Seattle); a Master of Public Administration degree from the Maxwell School of Public Affairs of Syracuse University; and he holds a Master of Arts degree in economics from Wayne State University in Detroit. He is a Chartered Financial Analyst (CFA) and a fellow of the National Academy of Public Administration.

Nickie Whitaker Senior Managing Consultant

Nickie Whitaker, Senior Managing Consultant, joined PFM's Strategic Consulting practice in 2006 and is located in its Des Moines office. She has provided analytical and project management support for clients including the States of Illinois, Nebraska, and Tennessee, and the Philadelphia School Reform Commission. Ms. Whitaker is currently the project manager for the City of New Orleans to advise on financial and operational improvements, including the implementation of Budgeting for Results.



Prior to joining PFM, Ms. Whitaker led the design and implementation of Iowa's web-based budget and performance management system. Iowa's new budget system fundamentally defined and operationalized how the State does business, providing new levels of detail and service, including reporting results for dollars allocated, real-time information to answer the questions of state lawmakers and other decision-makers, and reduced budget submission paperwork by over 80%. A critical component was live system training of over 300 users statewide. She also prepared statewide financials for Iowa's CAFR and other fiscal reporting needs, including the establishment of processes for quality control of accounting and budget data. As project manager for the US Treasury Department, Ms. Whitaker led the development of international treasury to treasury programs throughout Central/Eastern Europe and the Former Soviet Union. She also led the implementation of western accounting practices into 25 large Ukrainian enterprises/corporations.

Ms. Whitaker is a recipient of the State of Iowa's Leader of the Year award, and has been a featured speaker for the National Association of State Budget Officers. She has advised on strategic planning, employee ownership and international accounting issues, as well as business planning and financial analysis, for credit unions in the countries of Georgia and Azerbaijan. She has also served as an adjunct faculty member at Simpson College, Iowa and University of Wisconsin International - Ukraine, teaching courses in economics and accounting, and receiving the Alpha Sigma Lambda award for Excellence in Teaching. Ms. Whitaker earned her Masters in Business Administration from the University of Pittsburgh and a Bachelor of Arts in accounting and economics degree from Simpson College, Iowa. She passed the CPA exam in November 2003.

Virginia Rutledge Senior Managing Consultant

Virginia Rutledge joined PFM in 1998 as a Senior Managing Consultant in its Orlando, Florida office. At PFM, Ms. Rutledge is involved in PFM's Strategic Consulting and Public Power practices. She served as financial advisor to the Financial Oversight Board for the City of Miami. She was part of the teams that developed financial strategies and recommendations for Fulton County, Georgia; Shelby County, TN; Pittsburgh, PA; and New Orleans, LA. She has developed capital process strategies for Long Beach, CA and Hillsborough County, FL.

Prior to joining PFM, Ms. Rutledge served as Vice President and Chief Financial Officer for the Orlando Utilities Commission and Chief Financial Officer for the Massachusetts Municipal Wholesale Electric Company (MMWEC). Ms. Rutledge also served as Finance Director for the cities of Memphis, Tennessee and Austin, Texas. Ms. Rutledge is past president of the Government Finance Officers Association (GFOA). She served on the Committee on Debt and Fiscal Policy and chaired GFOA's Economic Development Task Force.

Ms. Rutledge received her Bachelor of Arts degree (with honors) in math and statistics and her Masters in economics, public finance specialization, from the University of Florida.



Dorothy A. Johnson
Senior Managing Consultant

Dorothy Johnson is a Senior Managing Consultant in the PFM Strategic Consulting practice. She brings to the firm more than 20 years experience in government and public finance and a wide range of experiences with municipal governments and school districts.

Prior to joining PFM, Ms. Johnson served as the first executive director of the Buffalo Fiscal Stability Authority – a New York State control board to restore long-term budgetary balance to the city, school district, housing authority and urban renewal agency. As Authority CEO, she directed the adoption and implementation of Buffalo's four-year financial plan. During her term, Buffalo showed significantly increased fund balances, stronger cash management, reduced cash flow borrowing levels, a five-year capital plan and regular upgrades to the city's bond rating. She also led the establishment of the Authority's own AA credit to provide debt service savings to the City.

In addition to her work in Buffalo, Ms. Johnson was a Principal Examiner in the NY State Division of the Budget, managing the state's local government aid program. She led the creation of public authorities to oversee, control and issue debt on behalf of, the cities of Troy and Buffalo, and the County of Nassau. Her expertise on local fiscal policies included statewide municipal trends, consolidation, mandate relief and local finance law reform. Previously, she served as investment officer for the State's Short Term Investment Pool and the equity portfolio of the State's Retirement Fund.

Ms. Johnson is a past president and board member of the New York State Government Finance Officers Association and received the New York State Budget Division's Outstanding Employee Award. Ms. Johnson is a graduate of the State Universities of New York at Fredonia and Albany, with Bachelors and Masters Degrees in Education.

Gordon Mann
Senior Managing Consultant

Gordon Mann is a member of the PFM Strategic Consulting practice, providing project management, quantitative analysis and research support for strategic consulting engagements. He has supported consulting engagements for clients including Nassau County, NY, Wake County, NC and several Pennsylvania municipalities. He is particularly active in the practice's work with municipalities that have been designated distressed according to the Commonwealth's Municipal Financial Recovery Act.

Prior to joining PFM, Mr. Mann worked as a research associate for the Government Performance Project in Philadelphia, PA helping the Commonwealth of Pennsylvania identify best practices in state government for human resource and economic development management. In addition, he worked for the Pennsylvania Leadership Academy conducting policy research on issues identified by State Executive Officials and Legislators, including benchmarking performance for the state's mental health care system and major mass transit systems.

Earlier in his career, Mr. Mann served as Deputy Director of Public Affairs for a New York State Senator, handling media relations, communications and public affairs responsibilities for the Senate Mental Health & Developmental Disabilities Chair. In addition, he was the project manager for a multi-million dollar renovation to the Broome County Veterans Memorial Arena and a district wide reading program, including supervision of full and part-time staff.



Along with his government experience, Gordon has 12 years experience in sports journalism, including contributing to print and radio coverage of 11 NCAA national championship events.

Mr. Mann holds a Masters in Government Administration from the University of Pennsylvania's Fels Institute of Government. He also holds a Bachelor of Arts in Political Science from Trinity College, Hartford, Connecticut, Phi Beta Kappa.

Rumana Ahmad Senior Managing Consultant

Rumana Ahmad is a Senior Managing Consultant in the PFM Strategic Consulting Practice. As part of the strategic consulting team, Ms. Ahmad worked extensively with New Orleans' public safety departments, including Police, Homeland Security, EMS, and the Court system, in the development of the 2008 City budget. Additionally, working closely with department leaders as well as fiscal and policy staff, Ms. Ahmad assisted in the development of several public safety and cost saving initiatives.

Ms. Ahmad has also assisted the Pennsylvania Department of Public Welfare in the analysis of child welfare needs-based budgets requests. This work has included the tracking of trends, review of budget submissions, and the development of a tool to assist in state-wide budget review. Additionally, Ms. Ahmad has supported engagements for clients including the Illinois Department of Human Services, the City of Atlanta and the City of New Castle, Pennsylvania.

Prior to joining PFM, Rumana worked as a teacher in China and South Korea and as a caseworker for the State of New Jersey with the Division of Youth and Family Services.

Ms Ahmad graduated from New York University's Wagner School of Public Service, earning a Master's degree in Public Administration and Non-Profit Management. Ms. Ahmad received a Bachelor of Arts degree with majors in history and economics from Roanoke College in Salem, VA.

Scott Trommer Senior Managing Consultant

Prior to joining PFM in 2007, **Scott Trommer** was a senior director in Fitch Ratings' public finance and global infrastructure and project finance departments. He was co-head of Fitch's transportation group and led ratings for toll roads, transit agencies, and states leveraging federal transportation funds. He was responsible for developing rating guidelines and special reports on surface transportation credit issues. Mr. Trommer was as a member of the public finance department's criteria committee. He also took a lead role with providing the required credit assessment for many Transportation Infrastructure Finance and Innovation Act (TIFIA) project applications as well as evaluating many P3 concessionaire proposals.

Before joining Fitch in 2001, Mr. Trommer was a senior manager with KPMG Consulting's transportation consulting practice where he provided financial and strategic planning services to transit agencies, state departments of transportation, the Federal Transit Administration, and toll agencies. In addition, Mr. Trommer was a manager of policy development with the New York State Metropolitan Transportation Authority and a transit planner with New Jersey Transit.



Mr. Trommer earned a Bachelor of Arts and Master of Arts degree in regional science from the University of Pennsylvania.

Eric Traub
Consultant

Eric Traub is a member of the PFM Strategic Consulting practice. He has supported consulting engagements for clients including Hillsborough County, FL, Portsmouth, VA, the State of Nebraska and Kansas City, MO.

In Hillsborough County, Mr. Traub worked to deliver recommendations to the County to streamline its execution and delivery of a \$500 million supplement to the County's ongoing capital program. Mr. Traub has worked on a project team to develop a five year financial and management plan for the City of Portsmouth, Virginia. In Nebraska, Mr. Traub worked on a staffing analysis of five divisions of the State's central administrative agency. Mr. Traub has also provided technical and quantitative analysis and recommendations in support of the development of a multi-year financial plan for the City of Kansas City, Missouri.

Prior to joining PFM, Mr. Traub worked for the New York State Division of the Budget as a budget analyst for the New York State Department of Transportation. In that position, he was responsible for budgeting and workforce management of over 4,000 Department of Transportation engineers and staff. Mr. Traub also worked in the Division's Procurement Office, assisting in the development and execution of Division contracts.

Mr. Traub earned a Masters in Public Administration from the Nelson A. Rockefeller College of Public Affairs and Policy at the University at Albany. He also holds a Bachelor of Arts with Honors from Nazareth College.

Heidi Patterson
Consultant

Heidi Patterson recently joined the PFM Strategic Consulting practice as an analyst where she has been supporting engagements for clients in Colorado Springs, Kansas City, and New Orleans. Prior to joining PFM, she served as the Executive Director of the Iowa Accountancy Examining Board for the State of Iowa where she was responsible for the licensing and regulation of the State's 10,000 CPAs and LPAs. Prior to that, she spent seven years as an Executive Assistant to the Governor's Chief of Staff and the Director of the Iowa Department of Management. Ms. Patterson graduated from Iowa State University where she received a Bachelor of Arts degree in Political Science.

Chris Pencikowski
Consultant

Chris Pencikowski is a member of the PFM Strategic Consulting practice, providing quantitative and qualitative analysis and research for clients including the City of New Orleans, where he is the lead consultant on implementing Budgeting for Outcomes as well as initiatives to improve financial and management and performance measurement. Since joining PFM, Mr. Pencikowski has also supported projects with the City of Newark, New Jersey and the Commonwealth of Pennsylvania.

Prior to joining PFM, Mr. Pencikowski managed programs for the Housing Authority of New Orleans, advised on youth development initiatives and founded a National Olympic Committee for a developing country as a US Peace Corps Volunteer, and worked as a Congressional Liaison on Capitol Hill for a Congress-sponsored organization. Additionally, Mr. Pencikowski played a leadership role in designing and implementation SchoolStat, an



Staffing

innovative performance measurement system, for the School District of Philadelphia.

Mr. Pencikowski holds a B.A. from Tulane University and a Masters of Governmental Administration and Certificate of Nonprofit Administration from the University of Pennsylvania's Fels Institute of Government.



Appendix



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
 93C960032

PAGE
 1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
 KRISTA FERRELL
 304-558-2596

VENDOR

RFQ COPY
 TYPE NAME/ADDRESS HERE

Public Financial Management, Inc.
 Two Logan Square, Suite 1600
 Philadelphia, PA 19103

SHIP TO

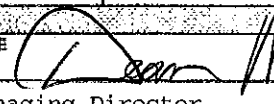
DEPARTMENT OF ADMINISTRATION
 OFFICE OF THE SECRETARY
 BUILDING 1, ROOM E119
 1900 KANAWHA BOULEVARD, EAST
 CHARLESTON, WV
 25305-0120 558-2300

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
04/06/2009				

BID OPENING DATE: 05/14/2009 BID OPENING TIME: 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		961-20		
<p>STATE AGENCY PERFORMANCE AND PROGRAM REVIEW</p> <p>REQUEST FOR PROPOSAL (RFP)</p> <p>THE WEST VIRGINIA STATE PURCHASING DIVISION FOR THE AGENCY, THE WEST VIRGINIA DEPARTMENT OF ADMINISTRATION'S OFFICE OF THE CABINET SECRETARY, IS SOLICITING PROPOSAL TO PROVIDE PERFORMANCE AND PROGRAM REVIEW FOR STATE AGENCIES WITH THE EXECUTIVE BRANCH OF GOVERNMENT PER THE ATTACHED SPECIFICATIONS.</p> <p>A MANDATORY PRE-BID MEETING WILL BE HELD ON WEDNESDAY, APRIL 22, 2009 AT 10:00 AM IN BUILDING #17 LOCATED AT 2101 WASHINGTON STREET, EAST IN CHARLESTON, WEST VIRGINIA IN THE DIRECTOR'S CONFERENCE ROOM. VENDORS ARE ASKED TO SIGN IN WITH THE RECEPTIONIST. ALL VENDORS WISHING TO SUBMIT A PROPOSAL FOR THIS PROJECT MUST ATTEND THIS MEETING. NO ONE PERSON MAY REPRESENT MORE THAN ONE VENDOR.</p> <p>TECHNICAL QUESTIONS CONCERNING THIS PROJECT MUST BE SUBMITTED IN WRITING TO KRISTA FERRELL IN THE WEST VIRGINIA STATE PURCHASING DIVISION VIA FAX AT 304-558-4115 OR VIA EMAIL AT KRISTA.S.FERRELL@WV.GOV. DEADLINE FOR TECHNICAL QUESTIONS IS WEDNESDAY APRIL 29, 2009 AT THE CLOSE OF BUSINESS. ALL TECHNICAL QUESTIONS RECEIVED, IF ANY, WILL BE ANSWERED BY ADDENDUM AFTER THE DEADLINE.</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE:  TELEPHONE: 215-567-6100 DATE: May 13, 2009

TITLE: Managing Director FEIN: 23-1992164 ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

REQ NUMBER
 SEC960032

PAGE
 2

ADDRESS CORRESPONDENCE TO ATTENTION OF
 KRISTA FERRELL
 304-558-2596

RFQ COPY

TYPE NAME/ADDRESS HERE

Public Financial Management, Inc.
 Two Logan Square, Suite 1600
 Philadelphia, PA 19103

DEPARTMENT OF ADMINISTRATION
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04/06/2009				

BID OPENING DATE	BID OPENING TIME
05/14/2009	01:30 PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>QUESTIONS CONCERNING THE PROCESS BY WHICH A VENDOR MAY SUBMIT A PROPOSAL TO THE STATE OF WEST VIRGINIA ARE NOT CONSIDERED TO BE TECHNICAL QUESTIONS AND MAY BE SUBMITTED AT ANY TIME PRIOR TO THE TECHNICAL OPENING DATE AND IN ANY FORMAT.</p> <p>EXHIBIT 10</p> <p>REQUISITION NO.: SEC960032</p> <p>ADDENDUM ACKNOWLEDGEMENT</p> <p>I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.</p> <p>ADDENDUM NO.'S:</p> <p>NO. 1 ... X ...</p> <p>NO. 2</p> <p>NO. 3</p> <p>NO. 4</p> <p>NO. 5</p> <p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.</p> <p>VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY ORAL DISCUSSION HELD BETWEEN VENDOR'S REPRESENTATIVES AND ANY STATE PERSONNEL IS NOT BINDING. ONLY THE INFORMATION ISSUED IN WRITING AND ADDED TO THE</p>						

SIGNATURE		TELEPHONE 215-567-6100	DATE May 13, 2009
TITLE Managing Director	FEIN 23-1992164	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
 Purchasing Division
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RFQ NUMBER
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3

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304-558-2596

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 Philadelphia, PA 19103

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LINE	QUANTITY	UCP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT

SPECIFICATIONS BY AN OFFICIAL ADDENDUM IS BINDING.

.....
 SIGNATURE

Public Financial Management, Inc.
 COMPANY

May 13, 2009
 DATE

REV. 11/96

EXHIBIT 3

LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE ON AWARD AND EXTENDS FOR A PERIOD OF ONE (1) YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.

UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.

RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE 215-567-6100	DATE May 13, 2009
TITLE Managing Director	FEIN 23-1992164	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
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Request for Quotation

RFQ NUMBER
SEC960032

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4

ADDRESS CORRESPONDENCE TO ATTENTION OF
KRISTA FERRELL 204 558-2596

PURCHASING

RFQ COPY
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Public Financial Management, Inc.
 Two Logan Square, Suite 1600
 Philadelphia, PA 19103

SHIP TO

DEPARTMENT OF ADMINISTRATION
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 25305-0120 558-2300

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
04/06/2009				

BID OPENING DATE:

05/14/2009

BID OPENING TIME:

01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</p> <p>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p> <p>ORDERING PROCEDURE: SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THIS CONTRACT IS AUTOMATICALLY NULL AND VOID, AND IS TERMINATED WITHOUT FURTHER ORDER.</p> <p>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS, SUCH AS PRICE LISTS, ORDER FORMS, SALES</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
	215-567-6100	May 13, 2009
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE
Managing Director	23-1992164	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
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ADDRESS CORRESPONDENCE TO ATTENTION OF
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 304-558-2596

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BID OPENING DATE: 05/14/2009 BID OPENING TIME: 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
				AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM. REV. 04/11/2001 NOTICE A SIGNED PROPOSAL MUST BE SUBMITTED TO: DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130 THE PROPOSAL SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OF THE PROPOSAL MAY NOT BE CONSIDERED. COST PROPOSALS SHOULD BE INCLUDED IN A SEPARATE ENVELOPE AND CLEARLY MARKED "COST PROPOSAL". SEALED PROPOSAL BUYER: KRISTA FERRELL-FILE 21 RFP. NO.: SEC960032 RFP OPENING DATE: 05/14/2009 RFP OPENING TIME: 1:30 PM PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR PROPOSAL.		

SIGNATURE		TELEPHONE 215-567-6100	DATE May 13, 2009
TITLE Managing Director	FEIN 23-1992164	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

State of West Virginia VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

- 1. **Application is made for 2.5% resident vendor preference for the reason checked:**
 Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
 Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
 Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,
- 2. **Application is made for 2.5% resident vendor preference for the reason checked:**
 Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
- 3. **Application is made for 2.5% resident vendor preference for the reason checked:**
 Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
- 4. **Application is made for 5% resident vendor preference for the reason checked:**
 Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,
- 5. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
 Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,
- 6. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
 Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (*West Virginia Code*, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Dean Kaplan

Signed: 

Date: May 13, 2009

Title: Managing Director

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

VENDOR OWING A DEBT TO THE STATE:

West Virginia Code §5A-3-10a provides that: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

PUBLIC IMPROVEMENT CONTRACTS & DRUG-FREE WORKPLACE ACT:

If this is a solicitation for a public improvement construction contract, the vendor, by its signature below, affirms that it has a written plan for a drug-free workplace policy in compliance with Article 1D, Chapter 21 of the *West Virginia Code*. The vendor **must** make said affirmation with its bid submission. Further, public improvement construction contract may not be awarded to a vendor who does not have a written plan for a drug-free workplace policy in compliance with Article 1D, Chapter 21 of the *West Virginia Code* and who has not submitted that plan to the appropriate contracting authority in timely fashion. For a vendor who is a subcontractor, compliance with Section 5, Article 1D, Chapter 21 of the *West Virginia Code* may take place before their work on the public improvement is begun.

ANTITRUST:

In submitting a bid to any agency for the state of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the state of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the state of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the state of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership or person or entity submitting a bid for the same materials, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

LICENSING:

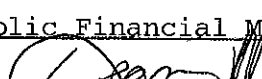
Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

CONFIDENTIALITY:

The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.

Under penalty of law for false swearing (*West Virginia Code* §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

Vendor's Name: Public Financial Management, Inc.

Authorized Signature: 

Date: May 13, 2009

