



STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE

MEMORANDUM

TO: Sen. Jane Kitchel, Chair; and Members of the Joint Fiscal Committee

FROM: Catherine Benham, Chief Fiscal Officer
Emily Byrne, Deputy Fiscal Officer
Chris Rupe, Associate Fiscal Officer

DATE: September 25, 2024

SUBJECT: Bid Results for Revenue Forecasting Services

The current revenue forecasting contract with Kavet, Rockler & Associates is scheduled to end on September 30, 2024. In anticipation of this, the Joint Fiscal Office (JFO) posted a request for proposal (RFP) for revenue forecasting services on July 15, 2024. JFO received two responses to the RFP by the deadline of August 16, 2024.

After reviewing both responses, and barring committee objection, it is our recommendation that JFO again contract with Kavet, Rockler & Associates.

Below are the details of the process and result:

1. **The RFP Document:** The RFP was substantially similar to those issued in the past, with updates to the scope of work to reflect the evolving nature of revenue forecasting work which now includes the Child Care Contribution and cannabis revenues. Unlike in prior contracting cycles, this RFP was open-ended in terms of soliciting cost proposals and did not include information about past payments for these services.
2. **The Bid Period and Advertising and Inquiries:** The RFP was posted from July 15 through August 16. The deadline to submit questions was July 31.
 - a. The RFP was posted on the websites for the General Assembly and JFO, as well as the main State procurement website (www.vermontbusinessregistry.com)
 - b. JFO distributed the RFP to several known vendors who perform similar work in other jurisdictions.
 - c. JFO contacted the National Conference of State Legislatures for assistance with distributing the RFP, and a staff member from NCSL shared it with a contact at the American Economic Association for distribution to its members.

- d. JFO received no questions from potential bidders prior to the July 31 deadline for submitting questions.

JFO received two responses to the RFP, including from the incumbent contractor (Kavet, Rockler & Associates). In the course of performing due diligence, JFO staff interviewed the other respondent who is not the incumbent contractor, and scored both proposals based on responsiveness to the scope of work and in consideration of the best interest of the State. JFO explicitly considered respondents' expertise, experience, past accuracy, pricing, and ability to perform the required services. The results of the evaluation and scoring process led to JFO's recommendation that the incumbent contractor (Kavet, Rockler & Associates) be selected.

3. **Cost Proposal:** The proposal from Kavet, Rockler & Associates reflects cost increases of 3.0% to 4.9% from the current contract to the first year of the new contract, and annual year-over-year increases of approximately 1.6% to 3.3% as outlined in the table below.

Component	Current	Year 1 (2024-25)	Year 2 (2025-26)	Year 3 (2026-27)	Year 4 (2027-28)	OPTIONAL Year 5 (2028-29)
Base Forecasts (per year)	\$108,883	\$114,000	\$117,600	\$120,000	\$122,400	\$124,800
Per Interim Forecast	\$11,065	\$11,600	\$11,900	\$12,200	\$12,500	\$12,750
Itemized Travel & Materials	\$5,865	\$6,100	\$6,300	\$6,400	\$6,500	\$6,600
Hourly Rates (Ad Hoc)						
Principals (first 200 hrs)	\$183	\$190	\$195	\$200	\$205	\$210
Principals (over 200 hrs)	\$155	\$160	\$165	\$170	\$175	\$180
Associates	\$100	\$103	\$106	\$108	\$110	\$112
Research Assistants	\$61	\$64	\$66	\$68	\$70	\$72

The proposed contract would have a maximum amount of \$950,000 total over the four-year period. Actual costs will fluctuate depending on the volume of ad-hoc work assigned to the contractor, but for a sense of scale JFO has incurred actual contract costs of approximately \$131,000 to \$277,000 in recent fiscal years, with an annual average of \$203,864 since the start of the current contract through the end of fiscal year 2024.

4. **Staff Recommendation:** Staff recommends negotiations with Kavet, Rockler & Associates substantially as proposed above. The contract would be for a four-year period commencing October 1, 2024, with an optional fifth-year extension if agreed to by both parties.

Proposed Motion:
Agenda Item F.2: Revenue Contract Negotiation

_____ moves that the Joint Fiscal Office be authorized to negotiate and sign a contract for up to four years, with an optional one-year extension, with Kavet, Rockler & Associates for revenue forecasting and economic analysis, consistent with the negotiations to date and the recommendation of the Joint Fiscal Office provided to the Committee.