



TO: HONORABLE MEMBERS OF THE PERSONNEL COMMITTEE	DATE: 11/1/11
REFERENCE:	COUNCIL FILE:
SUBJECT: DEFERRED COMPENSATION PLAN – CONSULTING SERVICES CONTRACT EXTENSION	

RECOMMENDATION

That the City Council authorize the Board of Deferred Compensation Administration to extend the City’s current contract with Mercer Investment Consulting, Inc. (previously approved by the Board of Deferred Compensation Administration for a three-year contract term through 12/31/11) for a six-month extension from January 1, 2012 through June 30, 2012.

FINDINGS

Background – The City of Los Angeles Deferred Compensation Plan (“the Plan”) is an optional supplementary retirement savings program established in 1983 under Section 457 of the Internal Revenue Code. Authority for the City’s sponsorship of this program is provided under City of Los Angeles Administrative Code, Division 4, Chapter 14. The Plan is governed by the City’s Board of Deferred Compensation Administration. The Board has the authority to enter into contractual relationships to assist in its administration of the program, including contracts for third-party-administration, investment management, and consulting.

The City has a contract with Mercer Investment Consulting (“Mercer”) to provide consulting services for the Plan. These services include regulatory guidance, investment performance review and monitoring, and assistance with Plan procurement processes. The contract term is from January 1, 2009, through December 31, 3011.

The Board is in the midst of a new procurement process for consulting services. The Request for Proposal (RFP) was released on August 9, 2011. Responses are due October 17, 2011. Although the Board expects to conclude its vendor selection decisions prior to the end of the incumbent provider’s term, it does not expect that it will be able to develop and execute a new contract by that date. Given that the incumbent provider, Mercer, is presently involved in a complex and important procurement investment manager search, the Board believes it would be prudent to extend the Mercer contract for an additional six months (01-01-12 through 06-30-12) to ensure that the investment manager search process is not impacted by the consulting services RFP process.

EUGENE K. CANZANO, BOARD CHAIRPERSON

As a result, the Board is requesting authority from City Council to extend the contract with Mercer for six months.

FISCAL IMPACT

None. All Deferred Compensation Plan expenses, including those for contracted services, are paid for fully and exclusively by Plan participants.