

# Deferred Compensation Plan

## BOARD REPORT 14-57

Date: December 5, 2014  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Consulting Services RFP

*Board of Deferred  
Compensation Administration  
Eugene K. Canzano, Chairperson  
John R. Mumma, Vice-Chairperson  
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### Recommendation:

That the Board of Deferred Compensation Administration (a) approve and authorize the release of the attached Consulting Services Request for Proposal (RFP), subject to final approval as to form by the Office of the City Attorney; and (b) approve creation of a Review Committee consisting of Plan staff members as identified in this report.

### Discussion:

The Board utilizes expert consulting services in various areas, including procurements, investment performance review, policy development, etc. The three-year contract with the incumbent provider, Mercer Investment Consulting, expires June 30, 2015.

The Plan presently utilizes consulting services in three broad areas: **Investment Consulting, Plan Administration Consulting, and Communications Consulting**. In the previous 2008 and 2011 Requests for Proposal (RFP) for consulting services, the Board “unbundled” its provider search for consulting services by breaking apart the RFP into the afore-mentioned broad consulting categories and permitting prospective vendors to propose for any category they chose but not obligating them to propose for all three. This was done to provide opportunities for more competitive outcomes and identifying more “best-of-class” providers.

Staff is recommending that the Board employ a similar approach with this RFP. This does not obligate the Board to enter into multiple contracts, but rather provides the opportunity to do so should such an outcome be found to be in the best interests of the Plan and its participants.

The prior two procurements for these services also included performance tests as part of the vendor evaluation. Performance tests provide the opportunity to obtain a stronger assessment of the consultant’s skills and breadth of experience as these are typically utilized by the Board and by staff, although without being done in the context of an open-ended “finalist interview” which can skew an RFP evaluation away from its stated objectives. In the 2008 RFP, performance tests took the form of an oral mock question-and-answer inquiry regarding a specific consulting topic. The specific topics were not revealed until the time of the test. The assessment of the oral performance tests did not influence the assessments of the written responses to RFP questions. Staff is recommending an identical approach with this RFP.

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A review of the RFP draft by Board counsel and the Personnel Department's Administrative Services Division is still pending. The focus of those reviews is on those portions of the document relating to process, general contracting requirements, and proposal submission. Staff is therefore recommending that the Board approve the RFP subject to final review and approval by the City Attorney and Personnel Department as to form.

**Review Committee** – A Review Committee must be designated by the Board to evaluate the results of the RFP responses. Staff is recommending that the Review Committee consist of staff members Steven Montagna, Esther Chang, and Paul Makowski. These analysts are in the best position to conduct the evaluation since they regularly interact with the consultant in the service areas included within the RFP.

**Potential Additional Communications Search** – In the prior two procurements for consulting services, very few responses were received. As a result of the most recent procurement, a contract with Buck Consultants for communications services only was executed, and communications consulting was also included as a service (along with investment and plan administration consulting) in the contract with Mercer Investments Consulting/Mercer US. Both contracts were minimally used for reasons related to value relative to cost. Although communications consulting is included in this draft RFP, staff is presently exploring another option for finding providers with special skill sets at competitive pricing that might be used by the Plan. This would involve the release of a Request for Qualifications (RFQ) for a range of as-needed communications services (e.g. marketing, graphic design, web management, social media tool development, etc.), establishing a range of potential providers, and then distributing assignments on an as-needed basis depending on the specific service type needed. This may provide for more competitive value to price results. Once staff's review of this option is complete, staff will return to the Board with a report and recommendation.

Submitted by:

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Steven Montagna