



Board Report 20-35

Date: September 15, 2020

To: Board of Deferred Compensation Administration

From: Staff

Subject: Plan Administration and Communications Consulting Services Contract – Maximum Compensation Limit

Board of Deferred Compensation Administration

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Recommendation:

That the Board of Deferred Compensation Administration (Board) approve a maximum contract compensation limit of \$225,000 over the five-year contract term with Segal to provide plan administration and communications consulting services for the Deferred Compensation Plan.

Discussion:

A. Background

At its meeting on August 4, 2020, the Board reviewed staff's evaluation of the Request for Proposals (RFP) for plan administration and communications consulting services for the Deferred Compensation Plan (DCP). Following this review, the Board adopted the following recommendations:

- (a) Selected Segal to provide plan administration and communications consulting services for the DCP for a five-year contract term ending August 2025;
- (b) Instructed staff to negotiate and draft a contract in consultation with Board counsel; and
- (c) Authorized the Board Chairperson to execute said contract on behalf of the Board, subject to agreement between the City and the provider as to all applicable terms and conditions and all necessary approvals.


B. Maximum Contract Compensation Limit

While the Board approved a new contract with Segal for a five-year contract term, staff did not include a recommendation for a maximum compensation limit for the services to be provided by Segal over that term. A maximum compensation limit is typically included in City contracts to ensure an adequate budget is established to cover planned expenditures and to manage spending on the contract within the budgeted amount over the contract term.

The maximum compensation limit on the prior five-year contract term with Segal from July 1, 2015 to June 30, 2020 was \$180,000. This entire amount was expended during the five-year term. In reviewing prior and anticipated expenditures, staff has determined that a maximum compensation limit of \$225,000 is sufficient to cover planned expenditures over the new five year contract term with Segal. Staff's analysis included the following factors:

- Average percentage increase in hourly rates for Segal consulting staff;
- Average hours incurred on projects during last five years;
- Anticipated plan administration consulting services related to plan design changes including a Deemed IRA, options for establishing greater authority and autonomy for the DCP, and new and ongoing legislative changes as a result of the pandemic; and
- Anticipated communications consulting services related to DCP campaigns and strategies, communication and engagement materials development, website design, participant surveys, and focus groups.

The compensation limit represents a maximum amount only. Actual compensation may be less depending on the actual services engaged by the DCP. Accordingly, staff recommends that the Board approve a maximum contract compensation limit of \$225,000 over the five-year contract term with Segal to provide plan administration and communications consulting services for the DCP.

Submitted by: 

Jenny M. Yau, Senior Management Analyst II

Approved by: 

Steven Montagna, Chief Personnel Analyst