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DEFERRED COMPENSATION PLAN BOARD REPORT 05-22



Date: July 12, 2005

To: Board of Deferred Compensation Administration

From: Staff

Subject: Requests for Proposal: Plan Consulting Services

Recommendation:

That the Board of Deferred Compensation Administration (a) approve staff's revised draft Request for Proposal for Plan Consulting Services; and (b) approve extension of the current contract with Mercer Investment Consulting through December 31, 2005, and increase the contract ceiling amount to \$99,000.

Discussion:

Background - At the Board's April 19, 2005 meeting it reviewed a proposed Request for Proposal for **Investment Management Services**. As a result of that review and discussion, staff was asked to work with the City Attorney to revise the RFP, particularly as it related to discussion of general City contracting requirements. The City Attorney had suggested that many of the City's general contracting requirement would not apply, although the Board could elect to make them applicable. Staff was asked to return with an analysis of which provisions the Board might wish to apply.

At the Board's May 17, 2005, meeting, staff advised that in the course of working on this project it had developed some concepts for improving Plan RFP documents generally. Since staff was in the process of preparing to issue a new RFP for **Plan Consulting Services**, staff used this document, rather than the **Investment Management Services** draft, as its "test case" for various structural revisions.

Subsequently, the City Attorney advised staff that all of the City's Standard Provisions do in fact apply to Deferred Compensation Plan contracts (in the absence of having obtained specific exemptions), regardless of the type of contract. As a result, the RFP redrafting which is the subject of this report is now exclusively focused on staff's efforts to improve Plan RFPs generally.

With this report staff is submitting for Board approval a proposed RFP for **Plan Consulting Services**. Based on any feedback/changes provided by the Board on this document, staff plans to return at the Board's August 16th meeting with the RFP for **Investment Management Services** for final approval and issuance. Should the Board approve this proposed **Plan Consulting Services** RFP it will be issued immediately.

Consulting Services RFP History – The previous contract with the incumbent provider, Mercer Investment Consulting, expired 12/31/04. An RFP for a new contract had been issued earlier in 2004, as a result of which the City received two proposals, including one from Mercer. Although Mercer's proposal was scored superior on technical services requirements, both proposals failed to meet City Standard Provisions requirements regarding MBE/WBE. As a result, a decision was made by the Board to execute a short-term contract with Mercer for \$75,000 (i.e. less than \$100,000, thus rendering MBE/WBE non-applicable) through August 31, 2005, and issue a new RFP in order to secure a long-term contract.

The Board previously authorized going back out to bid for Plan consulting services using essentially the same service questionnaire used in the 2004 RFP. However, as previously mentioned, staff used this RFP as its "test case" for revising the structural, "boiler-plate" sections of the RFP. As a result, it should be noted that the technical services portion of this draft have not been substantially altered from the version previously approved by the Board.

New RFP Structure – Staff's structural revisions to the RFP document were made with the primary objective of putting "user-friendliness" first, governed by the following principles:

- Provide information of primary interest to vendors (the services being sought and proposal questionnaire) at the beginning of the document;
- Break each RFP into sections based on the degree to which modification is going to be required, from least to greatest;
- Reduce or eliminate the potential for certain "fill-in-the-blank" types of modifications to be overlooked by ensuring they're combined into common sections;
- Require definition of evaluation criteria/weightings to be done before the RFP is issued, including standardizing the questionnaire format and having it tied in precisely to the evaluation factors.

Following is an outline of the structural components of this new RFP template with specific reference to the consulting services RFP. This has been designed with an eye toward creating a template that can be used for other services without requiring an exhaustive overhaul of the entire document at every level of review each time a new RFP is issued:

RFP SECTIONS				
RFP Section	Section Number	Who Prepares	Who Reviews	When Modified
Services and Evaluation Factors				
Introduction & Background (includes summary statement of services being sought, due date, reference to pre-bid conference, program background)	1 (pp. 2-6)	Program Staff	Staff in functional chain of command, including Board	Always
Response Questionnaire (includes detailed description of services sought and all response items, sans Standard Provisions forms, required of the proposal response)	2 (pp. 7-16)	Program Staff	Staff in functional chain of command, including Board	Always
General Submission Requirements (includes information re the proposal format and submission rules)	3 (pp. 17-19)	Program Staff/City Attorney	Staff in functional chain of command, including Board & City Attorney	Always
Evaluation Process (includes evaluation criteria and weightings, as well as description of review process, appeals, etc.)	4 (pp. 20-23)	Program Staff	Staff in functional chain of command, including Board & City Attorney	Always
Standard & General Provisions				
General Terms & Conditions (includes provisions which vendors can expect will be incorporated into any final contract but which are not included within the Standard Provisions)	5 (pp. 24-30)	City Attorney	City Attorney	As necessary
Proposal Response Checklist (to assist proposer in ensuring all required documents have been submitted)	6 (pp. 31-32)	Program Staff	Staff in functional chain of command, including Board & City Attorney	As necessary
Standard Provisions (the City Attorney's approved Standard Provisions for Personal Services Contracts)	5	City Attorney	City Attorney	As necessary

Notes on Sections – Please note the following regarding the several of the RFP sections:

Section 1: Introduction/Background:

- This RFP provides for an RFP term length of three years with two one-year options to renew. Should the Board wish to exercise the renewal options, it would require approval from the City Council to do so, since City contracts typically are permitted for a maximum of three years.
- Staff is not proposing that the Pre-Proposal conference be mandatory given that, generally, most providers for Deferred Compensation Plan services are not locally based. Those firms attending the Pre-Proposal conference, however, will receive credit with respect to MBE/WBE scoring.

- Based on the recommendation of the City Attorney, all questions/answers regarding the RFP will be posted on the Plan website.

Section 3: General Submission Requirements

- Staff discussed with the City Attorney the possibility of providing for electronic submission exclusively. However, given the requirement that so many forms must be submitted along with the actual proposal, a desire for original binding signatures, and the practical reality that some hard copies are necessary as part of the review process, a decision was made to require two paper copies while asking that proposers be prepared to submit electronic copies as requested.

Extension of Current Contract - Given that additional time will be needed to issue the new RFP and review responses, and given potential consultant expenses between now and year-end related to issuance of a participant survey (see separate report on activities of the Administrative Issues Task Force), staff is recommending that the Board (a) extend the term of the current contract with Mercer from 8/31/05 through 12/31/05, and (b) increase the contract ceiling amount from \$75,000 to \$99,000. This will maintain the contract within the MBE/WBE threshold while maximizing the contract's utility over the near-term.

Conclusion – The intent of revising the RFP template has been to improve upon the accessibility and understandability of these documents for (a) staff in preparing the documents, (b) vendors in submitting proposals, and (c) Board members in reviewing RFP drafts and considering response results. Staff welcomes additional comments and suggestions from Board members, as the objective of refining and improving these documents is expected to be an ongoing one.

Submitted by: _____
Steven Montagna

Approved by: _____
Maryanne Keehn